

Schmidt Puts Threat Of World Depression Atop List of Concerns

By James Reston
New York Times Service

SANBELL ISLAND, Fla. — Chancellor Helmut Schmidt of West Germany is apparently more concerned that the world would drift into an economic depression than into war over Poland or the Middle East.

In interviews here Friday and Saturday, Mr. Schmidt did not criticize Reagan's economic sanctions against the Polish and Soviet governments. He thought they would have little economic but considerable psychological and political effect. He will discuss this with Mr. Reagan this week in Washington but indicated that his government would not join in Mr. Reagan's efforts to "punish" the Communists for their repression of the Polish people.

It was right to warn the Russians against direct military intervention in Poland, he said, but he added that the West had agreed at Yalta in 1945 to divide Europe into spheres of influence, and any attempt to alter the balance of power in Eastern Europe would mean war.

"The great question," he said, "is what could or should be done beyond sending signals to Warsaw and Moscow. This is the kind of question that has to be asked: What is the range of action available to us in case the signals fail?"

The chancellor, who is here with his family on his annual vacation, was fairly optimistic on some current problems:

• He did not think there was a crisis in the NATO alliance. He had been hearing this gloomy theme, including threats to withdraw U.S. forces from

Europe, for more than a quarter century, but these alarms were exaggerated then and now in his opinion.

• He understood the anti-nuclear demonstrations in Europe, but they were not anti-American and would not deter him from supporting the emplacement of new U.S. missiles in West Germany if the arms control talks failed. "I stick firmly to that decision and made this very clear two times to General Secretary Brezhnev personally."

• "On the other hand," he added, "there might have been many fewer demonstrations in Europe if there had been less loose talk out of the U.S., telling the Europeans we were not living in a postwar period but in a prewar period. That had a psychologically devastating effect."

On the world economy, however, the former finance minister of West Germany was clearly troubled. If the nations did not develop what he called a "parallelism" of analysis, planning and action in this field, he said, the present world recession, "if we're not careful enough, could easily turn into a world depression."

High Unemployment, Inflation

"We have a higher unemployment rate in the Western world today than at any time since the early years after the last war. If that situation should last, it will make for vast distrust, dissatisfaction, unrest, especially among the young, if we cannot find enough jobs and opportunities," Mr. Schmidt said.

He added, "At the same time, we have a higher rate of inflation



A German tourist, left, greeted West German Chancellor Helmut Schmidt and his wife, Hannelore, on the beach at Sanibel Island, off Florida, where the Schmidts are vacationing.

than is sensible. We have a much higher rate of interest payments than should be permitted in the present situation of investment and fixed capital.

"The present rate of interest in the Western world is ridiculous, so we have to bring down the interest rates. How can one do this as long as most of the Western countries are competing for capital imports from OPEC [Organization of Petroleum Exporting Countries] surplus countries? And most countries need capital imports because most of them right now do have great deficits in their current accounts. They are importing capital from OPEC by the tens of billions of dollars per year, and if somebody pays high interest rates, the other guy has to pay high interest rates as well."

The chancellor did not attack the United States on this point. If there was a specific American

responsibility for the economic problem, he said, it derived from the fact that the United States is three times bigger than the next world economy, in Japan, and three and a half times bigger than the West German economy.

The chancellor pleaded for greater understanding on both sides of the Atlantic of the different economic, geographical and political problems that all allied leaders had to face, despite their common objectives.

Influence of Geography, History

It was not only that U.S. high interest rates affected the politics and lives of people in Europe, he said, but also that military decisions were unavoidably affected by geography and history.

For example, the deployment of new U.S. nuclear missiles in Western Europe obviously

looked different in Europe than it would, say, in the state of Oregon.

"Germany is about the size of Oregon," he said "populated not by three million people but by over 60 million people."

"Think of a situation where an American administration puts 5,000 nuclear rockets into Oregon and makes plans for adding some hundreds more that could hit the Soviet Union and thereby make Oregon a great target area for Soviet missiles."

He was careful about discussing the problems of the Middle East, for he has lately been involved in an acrimonious controversy with Prime Minister Menachem Begin of Israel. But he did say it was important for the West to understand the problems of all the contending parties and not concentrate exclusively on the problems of Israel.

Saudis Set Out Terms For 'Accepting' Israel

By Leslie H. Gelb
New York Times Service

RIYADH — The Saudi foreign minister, Prince Saud al-Faisal, has said in an interview that in return for Israeli recognition of Palestinian rights and the return of occupied Arab lands, his government was prepared "to accept it" — referring to Israel.

Asked why Israel should risk returning the occupied lands when Arab nations and Palestinians were not willing to recognize Israel explicitly, the foreign minister, Prince Saud answered: "It cannot respond to the present-day situation based on what Hitler did in World War II. Arab countries did not accept Israel before, in 1948. The change has taken some doing. There has been a tremendous shift on the part of Arab countries to accept this situation."

He said that this was the meaning of Crown Prince Fahd's recent proposal "confirming the right of the countries of the region to live in peace." Until the interview with Prince Saud here last Wednesday, the Saudi Arabians had declined to say whether the word countries specifically included Israel.

Key Points of Plan

The key points of Prince Fahd's plan called for Israel to return all lands conquered in the 1967 war and the establishment of a Palestinian nation with East Jerusalem as its capital. The seventh point contained the clause affirming the right of all countries in the region to live in peace.

Israel said the clause did not constitute recognition and rejected the plan outright.

[Israeli officials in Jerusalem rejected Sunday Prince Saud's statement, calling it "a return to the Fahd plan." The Associated Press reported.]

The officials said that while Israel is ready for peace talks with any Arab country without preconditions, "the Fahd plan contains preconditions which we reject."

Dissension over Prince Fahd's eight-point plan broke up an Arab League meeting in November in Fez, Morocco. But Prince Saud said the plan was still very much alive, that he hoped Arab leaders would reconvene "in three or four months" and that he "hoped and expected" that the next meeting would result in "a common Arab position" based on the Fahd plan.

Prince Saud said that the present situation was "very dangerous," that it was important for Americans to see that the Saudis desired peace, and that he wanted Americans to debate and rethink their policy in the Middle East.

Insisting that U.S. policy fostered Israeli intransigence in negotiations, Prince Saud maintained, "If there is no change in United States policy, all directions lead to conflict in the region."

He refused to grant that U.S. policy was aimed at balancing its interest in a secure Israel with its interest in good relations with Arab nations. Instead, he contended that Washington was "building

a self-interest for Israel not to compromise."

"The United States has a policy of making Israel more secure in order to bring about more compromises from Israel," he said. "Then Israel says that any compromise threatens its security." He called this "the false premise" of U.S. policy.

The foreign minister made it clear that his government was not simply going to wait for Washington to change and that equal effort was being devoted to end conflict among Arabs and frame a united Arab stand against Israel.

The interview with Prince Saud came in a period of unusual diplomatic activity by Arab leaders, activity sparked in part by Israel's decision last month to annex the

Golan Heights. President Hafez al-Assad of Syria has toured the Arabian Peninsula to gain support for his proposal for the United Nations to impose sanctions on Israel if it does not revoke its annexation. The UN Security Council is scheduled to debate the Syrian proposal on Jan. 5.

The interview with the Saudi foreign minister was one of several talks with senior Saudi officials about the meaning of the Fahd plan and the question of Israel. Western diplomats in Riyadh said that the message on acceptance of Israel in the interviews was along the same lines as their private conversations with Saudi officials in recent weeks.

Prince Saud charged in his (Continued on Page 2, Col. 5)

France to Sell Egypt 20 Mirage Combat Jets

By David B. Ottaway
Washington Post Service

CAIRO — Egypt signed a \$1-billion agreement with France on Sunday for the purchase of 20 advanced Mirage-2000 jet fighters, a deal that may have repercussions on the additional sale of U.S. military aircraft to this country.

Announcing the accord at the end of a three-day visit here, French Defense Minister Charles Hernu said his government had agreed to finance the sale of this "first batch" of the latest Mirage model to Egypt but that terms for the purchase of additional planes would have to be discussed later.

Egypt had hoped to clinch a \$2.4-billion deal to buy between 40 and 60 of the sophisticated French planes, but there was no indication that an accord on a larger arms package had been reached.

Nonetheless, the accord is a major coup for France, which has been seeking contracts abroad for the purchase of the Mirage-2000 to meet the needs of its production in larger numbers.

It could mean that Egypt will use its scarce resources to buy the French aircraft rather than seeking to obtain more U.S.-made F-16 jets, the first of which are about to arrive here from the United States.

Financing Problem

Under the present \$3-billion U.S. military aid package for Egypt, Cairo is to obtain 40 F-16 aircraft, currently the most sophisticated jet in its air force. Before the French deal was announced, it had been reported that the Egyptian military wanted the United States to provide 100 to 150 more F-16s.

Egypt's main problem is financing its arms purchases. The French terms, as announced Sunday by Egyptian Defense Minister Abdel-Halim Abu Ghazala, hardly seem a gift. The minister said France had agreed to a six-year loan in 12 installments at 9-percent interest.

However, the loan includes a two-year grace period.

Mr. Hernu also disclosed that France has agreed to train 15 Egyptian officers, 12 helicopter pilots and 100 pilots and mechanics for the French-made Alpha jet trainer. Egypt signed an accord to buy 30 Alpha jets last June.

The French minister of external relations, Claude Cheysson, also visiting here Sunday, said after meeting with Egyptian President Hosni Mubarak that France was ready to "support, accompany and guarantee" negotiations for a comprehensive Middle East settlement but could not organize them.

Mr. Mubarak later said that France, apparently through Mr. Cheysson, had again promised to participate in the multilateral peacekeeping force being organized to police the Sinai desert, after Israel completes its withdrawal there in April. Israel has opposed European participation in the force.

[United Press International, reporting from Cairo, said that Mr. Cheysson also expressed support for a Palestinian state and said the PLO should be brought into the peace negotiations. However, he indicated that France would not extend diplomatic recognition to the PLO.]

[Referring to Israeli objections to a European Middle East peace initiative, Mr. Cheysson said, "We cannot take any action without the permission of the states of the region, but we are prepared to help in this connection."

[Mr. Cheysson said the Palestinians have "the right to a homeland and a state, but this cannot be dictated from outside the region." Asked if France was ready to recognize the PLO, he said: "France extends recognition to states only, and the PLO is not a state. But we say that it represents the Palestinian combatants and, therefore, must participate in any negotiations that aim at the realization of peace."]

90 Officials Purged as Poland Girds for Crucial Workday

From Agency Dispatches

VIENNA — Poland's military regime has purged at least 90 officials, including five provincial governors, Warsaw radio said Sunday. Specific reasons for the purges were not given, but it appeared that at least some of those removed had opposed martial law rule or acted in support of the trade union Solidarity.

Warsaw radio said that in addition to the purged officials three factory directors were fired for inefficient management.

The latest purge reports emphasized the military regime's attempt to assure a smooth return to work Monday. There have been previous reports of purges in the Communist Party, newspapers and public institutions such as universities.

On a financial matter, Western sources in Warsaw were quoted Sunday as saying Poland had found \$350 million it needed to

avoid technical default on its debts to Western governments and banks.

The sources were quoted as saying that it was assumed that the money had come from within the Soviet bloc, probably from Moscow. They said this assumption was made because Poland's was not believed to have substantial hard-currency reserves and because no Western institutions or governments were known to have provided the cash.

According to a Solidarity union publication dated Dec. 30, about 20 factories throughout the country have not been operating normally but are scheduled to reopen Monday.

Among them is the Lenin shipyard in Gdansk, where the authorities have been issuing new work cards in an apparent attempt to weed out workers they believe are troublemakers.

Another center of persistent resistance has been Wroclaw, where a rail freight car factory was a focus of worker anger. That plant is also scheduled to reopen Monday.

As evidence that industrial production was improving, Warsaw television reported near-normal production in the southwestern Silesian coal belt.

Sources with knowledge of Lech Walesa, the Solidarity leader who has been detained since the imposition of martial law Dec. 13, said Saturday that he had set preconditions for negotiating with the government.

He was said to have demanded that the rest of the 18-member union presidium and three advisers be present at talks. Lower-level contacts between government and Solidarity officials have been going on, union sources said, but they reported little progress.

The appearance of an increasing number of underground-Solidarity publications, some of them mimeographed with a distinctive logo on the masthead, indicated that remnants of the suspended union were becoming active.

Many of the publications carry reports of death tolls higher than the official figure of eight. They report up to 72 deaths, most of them in Silesia, but they provide few details, making independent corroboration difficult.

Disclosure of the purge taking place in provincial governments came in a Trybuna Ludu interview with Col. Zdzislaw Malina, an official in the martial law government.

"Stringent Demands"

Col. Malina told the newspaper that local "committees of defense" began work in each of Poland's 49 provinces immediately after the civilian government was replaced.

"The committees made more stringent demands on the responsibility of provincial governors, mayors, chief administrative officers and directors of enterprises," Warsaw radio said in a report on the newspaper interview. "As a result, some persons had to be recalled from their posts."

Col. Malina was quoted as saying those purged included some who in normal conditions worked efficiently but who "failed to cope with the new tasks resulting from the specific nature of martial law."

The officials depurged by the military defense committees included five provincial governors, two deputy governors, two mayors and 81 chief administrative officers.

During the weekend, the martial law authorities outlined new austerity measures but said increases in the cost of food were negotiable. They promised pay increases to cushion the effect of the increases.

The government also announced that it had devalued the zloty against Western currencies; it will

now take about 2.3 times as many zlotys to buy the currencies.

The Communist Party newspaper Trybuna Ludu reported that the zloty would officially be worth 80 to the dollar instead of 34.5. The change will not affect Poland's \$27-billion debt to the West.

The government said the price of sugar would rise from 13 to 57 cents a kilogram (2.2 pounds) and from \$2.25 to \$6.90 for a kilogram of ham. But the head of the state price commission said the increases were open for discussion this month.

To help workers meet rising costs, they will get increases averaging 1,200 zlotys a month on salaries averaging 7,700 zlotys monthly, the official said.

Banking sources in Frankfurt said Tuesday that Poland had resumed making limited interest payments on debts to Western banks. The sources said this was an indication that the country was attempting to honor its financial obligations.

The payments were the first (Continued on Page 2, Col. 3)



Krakow residents check posters for information about the military crackdown. The picture was taken by an American student who was studying in Poland at the time of the takeover Dec. 13.

Coup Leaders Call for Surrender Of Ghana Vice President, Cabinet

From Agency Dispatches

ABIDJAN, Ivory Coast — The leaders of Ghana's military coup called on former Vice President William deGraft Johnson and Cabinet ministers Sunday afternoon to surrender to police within 24 hours for their own protection.

The call was made in a radio broadcast from Accra by the Provisional National Defense Council, which has been running Ghana since Thursday's coup. The broadcast, monitored in Abidjan, did not mention President Hilla Limann and gave no news of his whereabouts. He was at first believed to have remained in the presidential residence following the coup.

The overthrow by a military regime of the elected government in Ghana has reportedly alarmed other civilian-led states in West Africa, including Nigeria, where a democratic government came to

power two years ago at the same time as the recently deposed one in Ghana.

Former Air Force Lt. Jerry J. Rawlings, 34, after carrying out his second coup in less than three years, said the new government wanted to assure the world that Ghana would "continue to honor its commitments to the Economic Community of West African States, the Commonwealth, the non-aligned movement, the United Nations and all other bodies of which it is a member."

Mr. Rawlings has generally kept his personal political and ideological leanings private, though he has frequently expressed admiration for the Libyan leader, Col. Muammar Qadhafi.

The Rawlings junta suspended Ghana's constitution Saturday night and banned all political parties. Mr. Limann and his administration were formally dismissed.

Announcing these measures in a five-minute radio speech, Mr. Rawlings also said that the 140-member parliament had been dissolved and that all executive and legislative decisions would be made by the Provisional National Defense Council.

Mr. Rawlings characterized Mr. Limann, his ministers and the former ruling People's National Party as "criminals" who had subjected Ghana to "a great denial of the people's fundamental rights."

Mr. Rawlings has frequently accused Mr. Limann of corruption, since he handed over power to Mr. Limann in September, 1979, after heading the country for 112 days. Mr. Rawlings took over in 1979 by overthrowing the military regime of Lt. Gen. Frederick W.K. Akuffo, who, with two other former chiefs of state, was later executed for corruption and abuse of public office.

INSIDE

Seoul Shakeup

In a Cabinet shakeup meant to accelerate South Korea's economic progress, President Chun Doo Hwan names a new premier and replaces five ministers. Page 5.

Westward Ha?

The great migration of Americans to California is declining, analyses show. Page 3.

The Untouchables

A half century ago Mahatma Gandhi tried to erase what he considered "the greatest of all blots" from India's largely Hindu society by exposing the cause of the untouchables. Now, attacks on untouchables are increasing: India ended 1981 with its second massacre of untouchables in six weeks. Page 5.

Mubarak Shifts Cabinet And Names Premier

By William E. Farrell
New York Times Service

CAIRO — President Hosni Mubarak has dismissed the Egyptian Cabinet, named a new premier and ordered him to form a new government.

The new premier is Ahmed Fuad Mohieddin, 55, a politician and radiologist who has been in Egyptian public life since the time of Nasser.

Until Saturday's action by Mr. Mubarak, Mr. Mohieddin was first deputy premier. The post of premier was held by Mr. Mubarak, who inherited it after President Anwar Sadat was assassinated on Oct. 6.

Mr. Mubarak said some time ago that he would relinquish the post, and Mr. Mohieddin had been mentioned as a candidate to replace him.

After meeting with Mr. Mubarak Saturday, Mr. Mohieddin said, "The president wants to devote all his time to his work as head of state."

"I will make some changes in the ministerial lineup," Mr. Mohieddin said, "but they will be partial."

Government officials said that key posts — such as the heads of the Foreign Ministry and Defense Ministry — would be retained by the incumbents. According to the government sources, the Cabinet shakeup will focus on ministries concerned with internal affairs, such as the economy, which Mr. Mubarak has said is his major area of concern.

Mr. Mohieddin said the focus of the new Cabinet would be "the solution of urgent economic problems as soon as possible."

[The government news agency said Sunday that Mr. Mohieddin has nominated a new economic team as part of the shakeup, according to The Associated Press in Cairo.]

The agency said Mr. Mohieddin had nominated Mohammed Abdel-Fattah Ibrahim, governor of the central bank, to serve as deputy premier for finance and economy, succeeding Abdel-Razzah Abdel-Meguid, who also is planning minister.

[The agency also said Fuad Hashem, a Cairo University economics professor and chairman of the board of the Egyptian Company for Engineering and Construction, would succeed Soliman Noureldin as minister of the economy, while Salah Hamed would replace Fuad Hussein as finance minister. The AP reported.]

Helmi Abdel-Akher, minister for parliamentary affairs, is also expected to be replaced.

The names of both Mr. Abdel-Meguid and Mr. Abdel-Akher surfaced recently at an ethics court hearing into the affairs of Rashad Osman, a millionaire former member of Parliament who has been convicted of "corrupting political life and harming Egypt's economic interests." No charges have been filed against either Mr. Abdel-Meguid or Mr. Abdel-Akher.

Mr. Osman has been ordered detained for a year and his property and assets have been confiscated by the state.

A prosecution witness at Mr. Osman's trial charged that Mr. Abdel-Meguid waived the payment of customs duties worth \$6 million even though a similar request by Mr. Osman had been rejected by customs officials. Mr. Abdel-Akher was accused of abus-



Ahmed Fuad Mohieddin, Egypt's new premier, meets reporters.

ing his position to the detriment of the country's economy, Mr. Abdel-Akher asked for a leave of absence last month and Mr. Abdel-Meguid asked Mr. Mubarak to investigate accusations made against him in court, a spokesman for his office said, according to a Reuters dispatch from Cairo.

The action by Mr. Mubarak was another indication that he intends to place his own stamp on the office he inherited from Sadat. After the assassination, the 53-year-old president called for continuity and order in the transition. After his overwhelming election in a referendum, he quickly swore in the entire Cabinet he inherited from Sadat.

But there has been speculation for several weeks that Cabinet changes would be made soon. Mr. Mubarak still has one critical post to fill, that of vice president, a position he had held until the assassination.

Mr. Mubarak has also taken a number of steps in recent weeks to

narrow the scope and take the sting out of the surprise crackdown on dissenters ordered by Sadat in September.

Sadat stunned the nation by arresting 1,536 Moslem fundamentalists, journalists, politicians, lawyers and other critics of his government, claiming that they "directly or indirectly" abetted "sectarian strife."

Recently Mr. Mubarak released nearly 100 of those detained. He has met with the opposition party leaders, and they have pledged to support his call for internal economic reform.

Saturday an unspecified number of teachers and journalists whom Sadat removed from their posts were restored to their duties.

Mr. Mohieddin studied law in the 1950s at the same time that he studied medicine. He has taught medicine, served in Egypt's Parliament, been the governor of three provinces at different times and was minister of health from 1974 through 1976.

Westerners in Russia See Few Sanction Effects

By Dusko Doder
Washington Post Service

MOSCOW — For months, Americans representing various U.S. companies in the Soviet Union have been asking themselves, as one of them put it last summer, "What the hell are we doing here?"

Since President Jimmy Carter imposed a partial embargo on U.S. exports following the Soviet intervention in Afghanistan two years ago, U.S. businessmen in Moscow have had precious little to do. Many fill their time playing backgammon during office hours, conducting long lunches and attending every performance of the Bolshoi Ballet.

With the exception of grain

sales, U.S. exports to the vast Soviet market have never lived up to the initial promises of détente. And President Reagan's new trade restrictions, intended to show U.S. displeasure at Soviet influence in the Polish martial law crackdown, are likely to diminish sharply prospects of U.S.-Soviet trade for a long time.

Western diplomats and observers in Moscow believe that the impact of Mr. Reagan's action on the Soviet economy will be negligible except that the Russians will have to redesign some aspects of the pipeline they plan to build from Siberia to Western Europe. Among the U.S. sanctions was suspension of licenses for sales of a newly enlarged list of oil and gas equip-

ment, and Moscow is now expected to buy the equipment from West Germany or Japan.

Statistics also demonstrate the Western observers' point. Since the Carter embargo, U.S. nonagricultural exports to the Soviet Union have withered to \$380 million for the first eight months of last year, out of a total of about \$1.1 billion. The total U.S. exports in 1979 were \$3.6 billion and the U.S. Department of Commerce predicted, before the Afghanistan move, that 1980 exports would reach \$4.8 billion.

Little Leverage

Under stiff political pressure, Mr. Reagan lifted Mr. Carter's agricultural embargo in April and

the United States signed an agreement with the Kremlin raising the grain available to the Soviet Union to a record 25 million tons.

But, short of a new grain embargo, the United States has little trade leverage on the Soviet Union. Hence, Mr. Reagan's measures, if not accompanied by similar sanctions by other Western countries, are not expected to have a significant impact on the Soviet economy.

Judging from remarks by allied diplomats in Moscow, there is little enthusiasm among the U.S. allies to move to follow Mr. Reagan's lead.

Tass noted the allied reluctance with satisfaction. As one commentator put it, "Trade with the United

States makes up a small fraction, only a few percent, of the Soviet foreign trade, and even a more meager part of the Soviet GNP."

Soviet sales to the United States have dropped from \$873 million in 1979 to \$453 million in 1980 and \$197 million for the first eight months of last year.

Since the Carter embargo, U.S. businessmen have complained about repeated shifts in U.S. restraints and licensing policies, and many companies have quietly reduced their presence in Moscow while Pan American World Airways and Citibank have pulled out entirely.

Western Food Aid

The main thrust of Soviet policy now is to blunt the political impact of Mr. Reagan's sanctions. In the immediate term, this means to secure West European food aid to Poland — thus easing Moscow's strain in supplying the Poles — and to prevent Poland's defaulting on its huge debt to the West.

The bankruptcy of Poland would imperil the creditworthiness of the entire Soviet bloc and endanger Moscow's ability to borrow in Western markets to finance grain purchases this winter.

A long-term objective is to maintain trade links with other Western countries at a time of increased Soviet economic difficulties. After three successive bad harvests and the new strain of military competition with the United States, basic structural weaknesses in the economy have become more obvious. Poland has put additional burden on Moscow.

The Soviet Union has been supplying Poland with raw materials, energy and food for the past year in an effort to shore up the Warsaw government. But details of the Soviet aid have filtered out from Warsaw, not Moscow. It is politically difficult in Russia to explain substantial shipments of meat to Poland when Soviet consumers have a hard time finding meat in their shops.

According to the daily Ekonomicheskaya Gazeta, Polish deliveries of coal and other products to the Soviet Union have dropped by about 50 percent of scheduled targets for 1981. The Russians, however, have increased their deliveries to the Poles. This means that, apart from direct grants, Poland has run a trade deficit estimated at more than \$3 billion.

Hard-Currency Credits

The amount of Soviet hard-currency credits to Poland is not known. But Soviet currency deposits with Western banks were down by \$5 billion to \$3.6 billion between last January and June. Soviet gold sales are known to have increased last year on a falling market, an indication that the Kremlin is seeking hard currency for trade.

Thus it seems clear that the Soviet Union will have to pay a heavy economic price for Poland.

The Polish crisis, even without unified Western sanctions, is expected to inflict serious damages on the entire Soviet bloc. Western specialists in Moscow say that this is, ironically, a result of Soviet efforts during past decades to bring about greater integration of East European economies and thus secure the Soviet grip on the region.

Poland is Moscow's second major trading partner, with a bilateral flow in 1980 of \$11.3 billion, compared to \$13 billion with East Germany. Polish trade accounts for 9 percent of Soviet foreign trade. The relationship is far more crucial to the Poles, whose deliveries to the Soviet Union account to 30 percent of exports. The Soviet Union supplies almost 60 percent of Poland's raw materials and nearly 90 percent of its energy.

While Russia plans to cut oil deliveries to East European countries by 10 percent, it increased them to Poland last year by between 2 million tons and 16 million tons. A recent study in Russia calculated that Soviet deliveries of raw materials and oil to Poland have saved Warsaw about \$8 billion in the last five years.

Poland's failures to supply its East European partners with commodities and parts reportedly have led to disruptions in various Soviet and other East European plants. But the Soviet bloc has continued to assist Poland because a Polish economic collapse would be an economic as well as a political disaster for the entire bloc.

He also said that Saudi Arabia expected the other Gulf council members to join the security pact.

Bahrain's interior minister, Mohammed Khalifa, on the other hand, was quoted by a Kuwaiti newspaper as saying it was time for the Gulf council to establish its own rapid deployment force "to render urgent assistance when the need arises."

The party source, who has access to restricted information at the Central Committee headquarters, did not identify all the members of the unofficial ruling group. But he said that in addition to Gen. Wojciech Jaruzelski and his deputy, Gen. Florian Siwicki, it included Deputy Premier Mieczyslaw Rakowski and Kazimierz Barcikowski and Stefan Olszowski, Politburo members.

"It's not a military coup," he said, "but at the same time the military is not just acting as an instrument of the party. It's somewhere in between."

In West Germany, police said Arthur Rakowski, son of the deputy premier who paid an official visit to Bonn last week, had gone into hiding after newspaper reports said he was seeking political asylum in the West.

The younger Rakowski, accompanied by his wife and 2-year-old son, had been living in Wiesbaden, West Germany, for four months, according to the reports.

Western governments prepared during the weekend to embark on talks to coordinate their responses to the crisis. NATO foreign ministers were scheduled to meet, with Americans officials expected to appeal for backing for its economic sanctions against Poland and the Soviet Union.

In Washington, Lawrence S. Eagleburger, assistant secretary of state for European affairs, said Saturday that the West European nations would "by and large move in our direction." But Mr. Eagleburger stopped short of predicting that the Europeans would endorse "every single jot and tittle" of the sanctions.

Foreign ministers from the 10 European Economic Community countries were scheduled to meet Monday in Brussels.



President Reagan, right, and Secretary of State Alexander M. Haig in Palm Springs, Calif., at the home of Walter Annenberg, where Mr. Reagan and his wife, Nancy, were staying.

Reagan and Aides Discuss Foreign Policy, Schmidt Visit

New York Times Service

PALM SPRINGS, Calif. — President Reagan spent the last day of his California trip conferring with Secretary of State Alexander M. Haig Jr. on foreign policy matters, including the U.S. effort to win European approval of economic sanctions against the Soviet Union. The president planned to return to the White House on Sunday.

Members of the newly created "special situation group" of the National Security Council met at the White House on Saturday morning with Vice President Bush to discuss developments in Poland.

Later Saturday, Mr. Reagan met with Mr. Haig, then with Mr. Haig, Deputy Secretary of State William P. Clark and Michael K. Deaver,

the deputy White House chief of staff, to discuss the planned visit to Washington on Tuesday of West German Chancellor Helmut Schmidt.

Larry M. Speakes, deputy White House press secretary, said there were no plans for Mr. Reagan to discuss the impending foreign policy personnel shake-up reported last week. White House officials said that Mr. Reagan will choose Mr. Clark to replace Richard V. Allen, the national security adviser.

A White House spokesman said Sunday that Mr. Allen had asked presidential counselor Edwin Meese 3d for a meeting with Mr. Reagan. While no such meeting was on the schedule, "it could come as early as Monday," the spokesman said.

U.S. Weighs New Steps to Further Autonomy Talks on Palestinians

By Don Oberdorfer

Washington Post Service

WASHINGTON — The Reagan administration is considering new steps in the lagging Palestinian autonomy negotiations between Israel and Egypt and an early trip to the two countries by Secretary of State Alexander M. Haig Jr., officials said Sunday.

Several possible moves — including appointment of a high-level U.S. negotiator — are being considered, although officials have expressed little hope for a quick resolution of differences on Palestinian autonomy on the Israeli-occupied West Bank and Gaza Strip.

Ambassador to Egypt Alfred L. Atherton Jr. and ambassador to Israel Samuel W. Lewis — at present the ranking U.S. negotiators in the talks — left for home during the weekend to participate in discussions early this week. State Department spokesman Joseph Reap Jr. said the talks will center on the autonomy negotiations and the peace process in the Middle East.

The discussions will take place at a time of tension and uncertainty in U.S. relations with Israel. Among other things, the administration is facing a decision within the next several days about its stance at the United Nations regarding Israel's annexation of the Golan Heights on Dec. 14.

'Null and Void'

The United States, along with all 14 other members of the UN Security Council, voted Dec. 17 to consider Israel's action "null and void." The resolution called on Israel to rescind the annexation and committed the Security Council to a further meeting by Jan. 5 to consider "appropriate measures" if Israel refused.

Arab representatives have said they will seek definitive UN action, possibly including economic sanctions, if Israel refuses to rescind the annexation. The Reagan administration has refused to say what it will do if faced by such Arab appeals, although U.S. support for sanctions against Israel is considered unlikely.

Another topic for Middle East policy-makers is the intensified maneuvering within the Arab world following the Israeli annexation. Saudi Arabia and Syria, which have been at odds in recent months, have been negotiating a rapprochement, and Crown Prince Fahd of Saudi Arabia has postponed a visit to Washington.

The Israeli action and Arab reaction have complicated the position of Egypt, Israel's sole negotiating partner in the region. Egyptian President Hosni Mubarak sent a personal letter to President Reagan after the annexation, and Mr. Mubarak has scheduled a trip to Washington for early February to discuss the peace process and other issues.

Like his sponsor and mentor, Anwar Sadat, Mr. Mubarak had hoped for successful completion of at least strong negotiations by this spring. Under the Egyptian-Israeli peace treaty, Israel is scheduled to return the rest of the occupied Sinai to Egypt in late April, and achievements for the Palestinians by that time would tend to re-focus charges in Brussels, but his tour was postponed because of the martial law crackdown in Poland on Dec. 13.

Israelis Are Encouraged

JERUSALEM (WP) — Officials of Prime Minister Menachem Begin's government said Sunday that they were encouraged by the steps the Reagan administration appeared to be taking to accelerate the autonomy talks.

The Israeli cabinet discussed the issue in a meeting Sunday, and while some ministers were reported to be concerned about what they termed a lack of urgency in Washington to get the autonomy talks moving, informed government officials said there recently have been clear signs from the Reagan administration of a change in U.S. direction.

They cited both the recall of Mr. Atherton and Mr. Lewis and the recurring reports that Mr. Haig will not only visit Egypt and Israel next month, but will also soon appoint a special envoy to the negotiations.

Senior Israeli officials, including

Foreign Minister Yitzhak Shamir, previously had expressed concern that the failure to name such an envoy reflected declining U.S. confidence in the Camp David peace process.

Yitzhak Modai, a minister without portfolio, called for closer scrutiny of the other parties to the autonomy talks. He said after the meeting Sunday that he had stopped short of calling for a postponement of Israel's withdrawal from the last third of the Sinai Peninsula on April 25. But he added that he had said that between now and then the attitudes of Egypt and the United States toward the negotiations should be watched closely.

WORLD NEWS BRIEFS

Dispute Splits U.K. Centrist Alliance

LONDON — A dispute erupted Sunday in Britain's new centrist alliance between the Social Democratic Party and the Liberal Party over the sharing of parliamentary seats to be fought at the next general election.

Chief SDP negotiator William Rodgers said that he had broken off talks with the Liberals, some of whom he accused of reneging on an agreement to divide 600 seats in Britain between the two parties. He said a crisis threatened the alliance but later he called it a "hiccup" in an attempt to minimize the rift.

Liberal leader David Steel dismissed the disagreement as "little local difficulties" and said he was sure the alliance's success would not be undermined. The SDP-Liberal partnership is leading the ruling Conservative Party and opposition Labour Party in public opinion polls.

Local Liberals in Greenock, Scotland, and Derbyshire, England, have challenged the SDP's claims to contest seats on behalf of the alliance.

New Fighting Reported By Iran, Iraq

BEIRUT — Iran and Iraq reported major new fighting along the northern part of their border Sunday and issued ultimatums that indicated a new peace effort had failed. Communications from Baghdad and Tehran said 1,100 people were killed or wounded on both sides in the weekend fighting.

Iran denied reports of a Syrian-Kuwaiti plan for mediations to end the war and said Iran would "continue fighting until victory." Iraq said it welcomed mediation efforts but would continue fighting until Iraq recognizes its "territorial rights."

Iranian Foreign Minister Ali-Akbar Velayati, who returned to Tehran on Saturday after three days of talks with Iraqi officials in Damascus, said there was no mediation plan. Iraq's ambassador to Kuwait, Abdul Jabbar Omar Ghani, met Sunday with Kuwaiti leaders and said Iraq welcomed their mediation efforts. But he said Iraq would "stick to our national rights in our waters and territory."

Blast Damages Pipeline for Iraqi Oil

BEIRUT — An explosion on Sunday set fire to a newly reopened pipeline in northern Lebanon carrying crude oil from Iraq to the Lebanese port of Tripoli. Oil industry sources said the explosion could have been caused by sabotage.

The pipeline, a spur of a line that crosses Syria to the port of Banias, reopened 10 days after being closed for five years due to the civil strife in Lebanon and disputes between Syria and Iraq over transit dues. Use of the pipeline would significantly increase Iraq's oil exports, which have been severely curtailed by its 15-month-old war with Iran.

Iran Reports Deaths of 7 Opponents

BEIRUT — Five leftist opponents of Iran's Islamic fundamentalist regime have been executed and two have been killed in street clashes with Revolutionary Guards, the Iranian news agency reported Sunday.

The agency said five members of the Mujahidin Khalq group were executed last week in Amol and Sari, in northern Iran. Behbahan, in the southwest and in Miandowab, in the northwest. It gave no further details. Two members of the group were killed recently in Meshh, northeastern Iran, when Revolutionary Guards raided a guerrilla hideout there, the agency reported. It added that 17 members of the Mujahidin Khalq have been arrested in Tehran "in recent days."

The latest executions brought the number of officially announced executions in Iran to at least 1,661 since President Abolhassan Bani-Sadr was deposed last June by Ayatollah Ruhollah Khomeini, Iran's revolutionary leader.

Iraq Claims 2d Israeli Jet Violation

BAGHDAD — Israeli jets violated Iraqi airspace Sunday for the second time in five days but retreated after being intercepted by Iraqi fighters, a military spokesman said.

The spokesman said two Israeli F-15 jet fighters flew across the Iraq border 360 miles (576 kilometers) from Tel Aviv, over the same area crossed Wednesday and about 40 miles inside Iraq.

Wednesday's incident was the first reported Israeli violation of Iraq's airspace since Israeli jets destroyed the nuclear reactor near Baghdad June 7. Israel refused to comment on either incident.

Gulf States Seek Joint Security Against Iran

By David B. Ottaway

Washington Post Service

CAIRO — A spate of recent incidents involving Iranian diplomats and alleged Iranian-trained terrorists arrested in the oil-rich Arab Gulf sheikhdoms has given new urgency to these countries' plans for a regional security pact.

For the second time in less than two weeks, a high-ranking Iranian diplomat has been expelled from an Arabian peninsula country for allegedly promoting subversion of the local government.

The (Northern) Yemen Arab Republic last week declared the Iranian chargé d'affaires as persona non grata, announcing that he had been caught distributing "anti-Yemeni leaflets."

Early last week, the senior Iranian diplomat in Bahrain, Hassan Shamsi-Zadeh, was expelled after authorities there arrested 60 persons who were said to have been trained in Iran and preparing to launch Khomenei-style revolutions in the oil-rich Arab sheikhdoms and kingdoms of the region.

Focus on Iran

The arrests and expulsion of Iranian diplomats have again brought to the fore the issue of internal security among the six conservative Arab Gulf states and have riveted their attention on Iran, rather than the Soviet Union or even Israel, as the major immediate source of instability.

The incidents raise the question of what assistance the U.S. Rapid Deployment Force could have been to these states had the alleged Iranian conspirators succeeded in taking over Bahrain or, more important, one of the main oil-producing sheikhdoms.

4 Leftists Flee in Bombing Attack On Women's Prison In North Italy

ROVIGO, Italy — Four leftists were freed from a women's prison when attackers armed with submachine guns and explosives blew a 2-meter (6-foot) hole in a prison wall. One person was killed and six were injured in the blast.

One of those who escaped is Susanna Ronconi, a former leader of the Red Brigades leftist group. She had been accused of taking part in the 1978 kidnapping and murder of former Premier Aldo Moro.

Police said the raid was carried out by at least three attackers, who exploded a car bomb at a wall of the exercise yard of the prison. The raiders forced submachine guns to the four women as they jumped through the hole, police said, and the group exchanged heavy gunfire with prison guards before escaping by car.

Police set up roadblocks around this northern Italian town, which is 80 kilometers (50 miles) south-east of Verona, the city where the Red Brigades kidnapped U.S. Brig. Gen. James Douglas on Dec. 2.

Police sources said the escape did not appear to be linked to the

ducing sheikhdoms like the United Arab Emirates.

One of the objectives of the force is to shield these countries from foreign intervention, particularly by Russia. But the latest events suggest that Iranian-fomented revolutions may be the main danger facing them now.

In any case, Bahrain and Qatar have turned to Saudi Arabia for help and have signed bilateral security agreements with the Saudis following the mid-December arrests in Bahrain.

The Saudis, in turn, appear to have seized upon the occasion to promote their own plan for closer security cooperation among the six kingdoms and sheikhdoms of the lower Gulf — Bahrain, Qatar, the United Arab Emirates, Kuwait, Oman and Saudi Arabia.

Cooperation Plan

Last year the six formed the Gulf Cooperation Council, partly to deal with common internal and regional security problems. But differences of views, and in some cases suspicion of Saudi domination, have kept the council from adopting a security pact.

The defense ministers of the six are scheduled to meet in Riyadh on Jan. 18 to discuss the Saudi plan. The Saudis are proposing military and security cooperation among the six Arab Gulf states — but without having an integrated military command or force — both to defend the world's oil heartland and their own conservative governments without U.S. or other outside assistance.

The latest Iranian scare seems to be a catalyst for agreement on the Saudi proposal.

Bahraini security sources have

been quoted as saying that the 60 persons detained in the plot included 45 Bahrainis, 13 Saudis and one each from Oman and Kuwait. The sources said the 60 belonged to the Islamic Front for the Liberation of Bahrain and had received training in sabotage, terrorism and assassination in Iran.

Press reports said that Bahrain learned of the alleged conspiracy when the security force in Dubai, one of the mini-sheikhdoms in the United Arab Emirates, arrested six members of the network and turned them over to Bahrain.

This seems to suggest the front also had members and activities in some of the other Arab Gulf states.

Iran has vehemently denied Bahraini allegations that it had anything to do with the front or the group arrested in Bahrain, but neither the Bahraini government nor the other Gulf council members seem to be taking the denials very seriously.

90 Polish Officials Purged As Crucial Workday Looms

(Continued from Page 1)

received by the banks since martial law was imposed. But the banking sources said the payments were not enough to show whether Poland was capable of paying all the interest on its 1981 debts as demanded by the banks.

As a condition for rescheduling payments of about \$2.4 billion due in 1982, the banks gave Poland until the end of 1981 to pay off interest estimated at \$450 to \$500 million.

Meanwhile, a high Communist Party source said Poland was being run by a "mixed group" of generals and top party leaders that meets frequently to make key decisions.

The party source, who has access to restricted information at the Central Committee headquarters, did not identify all the members of the unofficial ruling group. But he said that in addition to Gen. Wojciech Jaruzelski and his deputy, Gen. Florian Siwicki, it included Deputy Premier Mieczyslaw Rakowski and Kazimierz Barcikowski and Stefan Olszowski, Politburo members.

"It's not a military coup," he said, "but at the same time the military is not just acting as an instrument of the party. It's somewhere in between."

In West Germany, police said Arthur Rakowski, son of the deputy premier who paid an official visit to Bonn last week, had gone into hiding after newspaper reports said he was seeking political asylum in the West.

The younger Rakowski, accompanied by his wife and 2-year-old son, had been living in Wiesbaden, West Germany, for four months, according to the reports.

Western governments prepared during the weekend to embark on talks to coordinate their responses to the crisis. NATO foreign ministers were scheduled to meet, with Americans officials expected to appeal for backing for its economic sanctions against Poland and the Soviet Union.

In Washington, Lawrence S. Eagleburger, assistant secretary of state for European affairs, said Saturday that the West European nations would "by and large move in our direction." But Mr. Eagleburger stopped short of predicting that the Europeans would endorse "every single jot and tittle" of the sanctions.

Foreign ministers from the 10 European Economic Community countries were scheduled to meet Monday in Brussels.

The body of the taxi driver, Pablo Garayzar, 60, was found Saturday outside the town of Berastegi. Responsibility for the shooting has not been claimed.

On Friday, a Civil Guard patrol fired on stone-throwing demonstrators in the Basque town of Renteria, wounding two bystanders, an elderly man and a boy, 7.

Taxi Driver Killed In Basque Region

Reuters

SAN SEBASTIAN, Spain — A taxi driver, who escaped unhurt from a car bomb attack nine years ago, has been killed in the Basque country.

The body of the taxi driver, Pablo Garayzar, 60, was found Saturday outside the town of Berastegi. Responsibility for the shooting has not been claimed.

On Friday, a Civil Guard patrol fired on stone-throwing demonstrators in the Basque town of Renteria, wounding two bystanders, an elderly man and a boy, 7.

مكتبة الامم المتحدة

Migration to California Begins to Decline

Housing Costs Cited as Immigration Slows for First Time Since 1971

By Robert Lindsey
New York Times Service

LOS ANGELES — The great migration of Americans to California is declining, analysts show, and many business leaders say the reason is that housing costs there are among the highest in the nation.

State demographers estimate that the number of persons who moved to California from elsewhere in the country in 1981 declined by 5 to 10 percent from the 1980 level.

It was the first significant decrease in the movement of Americans to California since 1971, when an earthquake and troubles in the state's aerospace industry interrupted the flow.

While the number of Americans who moved to California declined in 1981, Elizabeth Hoag, a population researcher for the state's Department of Finance, said there had been a "tremendous increase" in immigration to the state from Latin America, Asia and elsewhere abroad.

Net Gain of 225,000

As a result, she said, it appeared that in 1981, possibly for the first time, more people moved to the state from foreign countries than from other states. Mrs. Hoag said she expected "net in-migration," a measurement that takes into consideration the movement of people out of the state as well as those who move in, to be about 225,000 in 1981.

Although final data are incomplete, she said an analysis of drivers' licenses suggested a drop of about 10 percent in domestic migration to the state this year, reversing the pattern of the last decade of annual increases.

Since the Gold Rush 130 years ago, California has been at the receiving end of a westward tide of immigrants from elsewhere in the nation. In the mid-1950s, in one of the great postwar population shifts of the United States, an average of more than 500 persons a day settled in Los Angeles alone.

But this rapid growth began to take a toll in terms of air pollution and congestion problems, and starting in 1963 the migration began to slow and then fall steeply. The trend accelerated after heavy layoffs in the aerospace industry in the late 1960s and the 1971 earthquake here that killed 65 persons.

Boom Fueled Migration

The migration from other states, especially New York and other older industrial areas of the Northeast, began to pick up in 1973, and accelerated later in the decade, fueled by a robust state economy that routinely created hundreds of thousands of jobs each year.

Economists, many of whom say they are optimistic about the long-term prospects for resumption of growth, attribute the decreased domestic migration last year partly to the nation's overall economic problems, which have slowed industrial expansion, reduced corporate job transfers and made it harder for some families in other states to sell a home before moving to California.

But many economists say the high price of housing in California is increasingly turning back would-be migrants from the Northeast and other parts of the country, as well as potential employers, in a pattern that they say is jeopardizing the state's economic health.

The California Roundtable, a group made up of many of the state's top business executives, said recently, "The high cost of housing is having a feedback effect on the entire economy and is posing a serious threat to continued economic growth in California."

High Median Price

According to the California Association of Realtors, in October the median price paid for a previously occupied home in the state was \$105,742, more than 50 percent higher than the national average.

In most urban areas in California, as well as the most popular suburbs, prices are much higher. For example, in Orange County, south of Los Angeles, the average price of a new home was more than \$135,000 in November. Sales agents say the figure would have been even higher had it not been for a slack market that they attributed to high interest rates.

Many employers say they are finding it increasingly difficult to recruit people to work in California because of housing costs, and some say they have moved operations to other states because of the problems. Officials of the University of California say dozens of potential faculty members have turned down jobs in the last year after citing the costs of homes.

Brig. Gen. Joseph D. Mirh, who is supervising Air Force activities on the space shuttle program here, said in an interview that an inability to lure qualified military personnel and civilian engineers because of the housing market had contributed significantly to delays in the project.

Greek Socialists Start Purge of Civil Service

New York Times Service

ATHENS — Greece's Socialist government is proceeding to purge the civil service to end what it describes as a heavy bureaucracy and patronage system "preventing the development of a modern state."

The conservative opposition, however, whose defeat in the October election ended several decades of rightist rule, vowed to resist the move, which it charged would cause national disruption and open the way for the establishment of a leftist, one-party state.

In introducing a bill in the parliament on Dec. 24 envisaging the dismissal of thousands of civil servants and advisers, the government was determined to "abolish the most negative features plaguing our democracy and preventing the development of a modern state," said Agamemnon Koutsogiorgas, minister to the premier.

The bill is expected to be approved because the Socialists hold a large parliamentary majority.

Under the measure, about 250 director-generalists of ministries and their deputies would be retired with pensions and thousands of legal counselors and other advisers to government bodies would be dismissed without compensation. The bill would also dissolve about 50,000 consultative committees in state-controlled bodies, including ministries, public utilities, hospitals, universities, banks and theaters.

The measure would require retirement from the civil service after 35 years of service to facilitate employment and promotion opportunities for younger people, and there would be a new system of promotions and entrance exams.

Mr. Koutsogiorgas said that the rightist government that had ruled Greece since the war had filled the civil service with political appointees. The senior civil service posts created during the conservative years were a burden on the budget, slowed the government because of the many signatures required and contributed to corruption, he said.

Mr. Koutsogiorgas said director-

generals and senior civil servants had increased sixfold under the conservatives since 1974, reaching nearly 5,000 and creating a "historically unprecedented bureaucratic monster." The abolition of these posts, he added, would save the equivalent of \$6 million, which would be applied to the pay of junior civil servants.

He dismissed opposition charges that the primary purpose of the measure was to purge thousands of civil servants who were thought to be loyal to the conservatives and who could obstruct Socialist policies. He said the bill was intended to increase the productivity of the Greek bureaucracy, which is estimated to be half as productive as the average in Common Market countries.

The government was applauded for its move by teacher organizations.

The opposition New Democracy Party, however, has called on Premier Andreas Papandreu to withdraw the bill.

In a statement, the party charged that the bill would cause the unfair dismissal of thousands of capable civil servants, would provoke chaos in the administration and would open jobs for inexperienced Socialist Party members.

Greece Names Varfis To EEC Relations Post

Reuters

ATHENS — Grigoris Varfis has been appointed undersecretary of foreign affairs in charge of Greece's relations with the European Economic Community, a new ministerial post in the Socialist government of Premier Andreas Papandreu.

Benavotis Roumeliotis succeeded Mr. Varfis as undersecretary in the ministry of coordination, the government announced Saturday. Mr. Varfis was a member of the team that negotiated Greece's entry into the EEC last January, but resigned after differing with the former conservative New Democracy government over the entry terms.

TV Debate on Freedom of Speech Ends in Shouting Match in France

The Associated Press

PARIS — A live television debate on humor and freedom of expression turned into a rancorous, obscenity-laced shouting match with each side trying to drown out the other with insults and threats of violence.

Glasses were broken, chairs overturned and several of the more drunken of the 30-odd guests were forcibly escorted from the studio before the end of the program, "Right to Answer," Saturday.

The occasion for the debate was the death of the viciously satirical weekly magazine, Charlie Hebdo, which for 13 years took on almost every taboo and sacred cow in French society.

Television producer and host Michel Polac brought the Charlie Hebdo staff together with several rightist journalists and other personalities for a discussion on humor and freedom of speech. But things got out of hand as threats and insults were traded between the Charlie Hebdo staff and conservative journalists.

Charlie Hebdo lost circulation steadily during the last few years, apparently not keeping pace with its original audience or capturing new, youthful readers. Some of the more violent insults from its staffers were aimed at a group of high school students.

"School kids are idiots," the publisher — who goes by the name of "Professor Choron" — yelled after one of the youths suggested that it was "not a good thing" to dismiss "all values." Mr. Choron was later thrown out of the studio.

Union Aide Jailed in Strike Reported To Be New Chief of U.S. Air Controllers

The Associated Press

FORT WORTH, Texas — Gary Eads, the only executive board member of the air controllers union to be jailed for striking, has been chosen to head the union, the Fort Worth Star-Telegram has reported.

The Kansas City Times, meanwhile, quoted union officials as saying Mr. Eads was a "leading contender" to replace Robert F. Poli as president of the union, the Professional Air Traffic Controllers Organization.

Mr. Poli resigned Thursday, saying he believed he had become an impediment to resolving the labor dispute. About 11,500 controllers were fired after they went on strike Aug. 3. The Federal Labor Relations Authority later stripped the union of its exclusive right to represent U.S. controllers.

Mr. Eads, who has been a vice president of PATCO since 1978, was appointed by union board members Friday in a conference call, the Star-Telegram said Saturday. Mr. Eads told the newspaper a new president had been chosen

unanimously and would be announced Monday. He said new officers do not have to be approved by a vote of the members.

Mr. Eads was jailed for three days in August for contempt of court after refusing to return to work. He was released after a federal judge in Kansas City determined that, because the striking controllers had been fired, they could not be required to return to work.

São Tomé Leader Drops Defense Minister

Reuters

LISBON — President Manuel Pinto da Costa of São Tomé and Príncipe has taken over the ministry of defense and national security in a government reshuffle, the Angolan news agency ANGOP reported from São Tomé.

The president, who is also premier, took over the ministry from Maj. Daniel Lima dos Santos Dalo, it was announced Friday in the West African island republic.

U.S. Aides Believe Albania Premier Was Killed

By David Binder

New York Times Service

WASHINGTON — U.S. government officials believe that Albanian Premier Mehmet Shehu was killed last month and did not commit suicide, as the Albanian radio asserted at the time.

The U.S. officials said they did not discount Yugoslav press reports that Mr. Shehu was killed during a meeting of the Albanian Communist Party's Central Committee. They said, however, that they had seen no evidence for such reports.

Last week's issue of Nin, a magazine published in Belgrade, spoke of "suspicions" that Mr. Shehu had fallen victim to "a top-level squaring of accounts." The 68-year-old late premier had been the second-ranking Albanian leader after Enver Hoxha, the party chief, since 1954.

Citing unspecified Western

sources, Nin said a Central Committee meeting had been convened on the evening of Dec. 17 and that there had been a conflict between Mr. Hoxha and Mr. Shehu during the session.

The magazine said the session had been held to discuss greater Albanian involvement in trade with the West. Mr. Shehu, as the head of government, was said to favor closer ties with the West, while Mr. Hoxha was said to be opposed.

Nin said that in the week before his death Mr. Shehu met with Greek and Romanian trade delegations as well as with several Western ambassadors. It concluded that he "was either forced to commit suicide or was murdered."

The U.S. officials said their belief that Mr. Shehu had been a victim of foul play was based on what they interpreted as cool treatment of his death by the Tirana radio.

At 7 p.m. on Dec. 18, the radio

broadcast a party and government announcement that "on the night dawned on Dec. 18, 1981, in a moment of nervous crisis, Comrade Mehmet Shehu, member of the Politburo of the Central Committee and chairman of the Council of Ministers of the People's Socialist Republic of Albania, killed himself."

Both Yugoslavs and Americans said there had been no previous indication of a rift between Mr. Shehu and Mr. Hoxha. They recalled that at a party congress in November, Mr. Shehu delivered a long speech after the party leader's opening address.

But the U.S. officials said they had noticed indications in the Albanian press of tensions in the leadership over the new five-year plan, which was adopted after considerable delay at the party congress.

Mr. Shehu's death opens up the issue of succession, both to the

post of premier and ultimately to that of the party's first secretary. Mr. Hoxha, who is 73, has been ailing.

The U.S. officials said Adil Carcani, an economic official who has been first deputy premier since 1974, would be a logical successor to Mr. Shehu, while Nin mentioned Ramiz Alia, a former education minister who has been the second-ranking official in the party's secretariat.

Mr. Koutsogiorgas said director-

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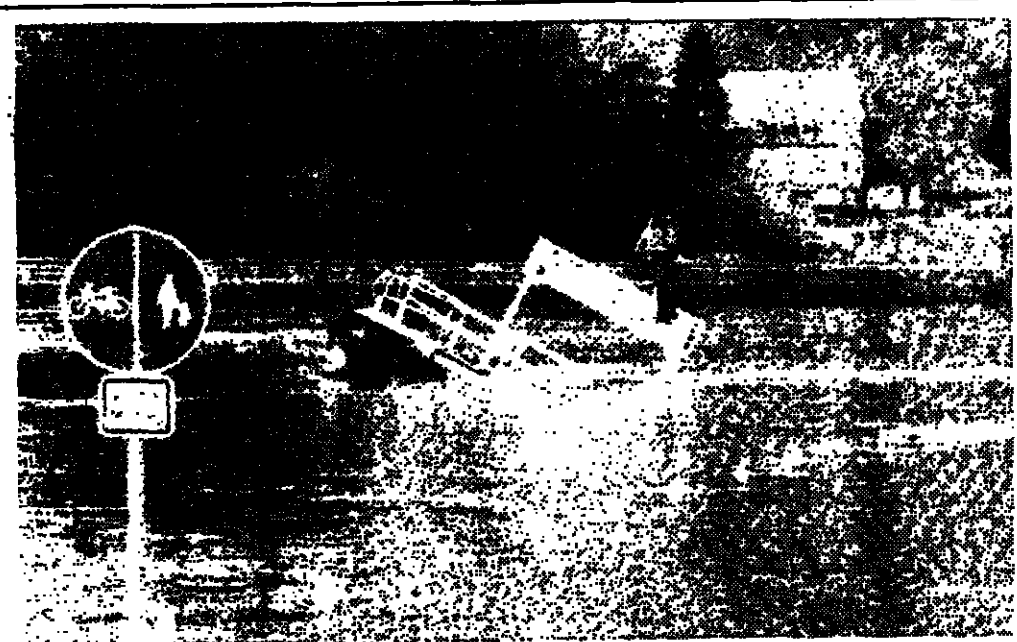
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RHINE OVERFLOWS — High waters from the Rhine have flooded the shores in Lahnstein, West Germany. Melting snow and continuous rainfalls have contributed to the floods.

A Few South Africans Join Hands To Fight Detention Without Trial

By Joseph Lelyveld

New York Times Service

JOHANNESBURG — At the end of a long meeting here last week of families whose relatives have been jailed by the security police without charge, an Afrikaner professor raised his hand and quietly volunteered to call the attorney general's office on behalf of a housewife from the black township of Soweto.

The professor, who has a daughter in jail, noted that an Afrikaans-speaking person might have the best chance of reaching the public prosecutor — also an Afrikaner — and persuading him to consider an appeal for the black woman to see her husband, who had been denied contact with his family or a lawyer since he was arrested in June.

In the South African context, the readiness of an Afrikaner to intervene on behalf of a black political prisoner is remarkable. But because he and the black woman happen to have two of South Africa's best-known political names, it became an extraordinary example of an alliance struck across the color line under the pressure of harsh laws.

Professor Hendrik Koorhof is a brother of Pieter G. Koorhof, the Cabinet minister in the South African government who is primarily responsible for the administration of laws affecting blacks.

Nationalist Leader

The woman from Soweto was Zwelakhe Sisulu, whose father-in-law, W.M. Sisulu, was secretary-general of the African National Congress before being jailed for life 18 years ago; her husband, Zwelakhe, head of a black journalists' union, was emerging as an important opposition figure before being put under house arrest and then jailed.

The idea of a Koorhof speaking up for a Sisulu would be star-

ting to most South Africans, black or white. But it is an example of the kind of solidarity the families of recently detained people have been trying to create on an issue that has long since seemed to stop troubling most whites — detention without trial.

Acting on the assumption that the white public is only indifferent to the fate of detainees because it is ignorant of the sweeping powers given the police under the security laws, the relatives have formed what they call the Parents Support Committee to lobby on behalf of the prisoners. After three months, it has chapters here, in Cape Town and in Durban.

The relatives have put advertisements in newspapers ("Christmas wishes to all our absent children," one of these began), sent delegations to negotiate prison conditions with commanders of the security police, and held protest meetings and vigils in the streets.

Waves of Arrests

The security laws basically free the authorities from an obligation to acknowledge whom they are detaining, why they are being detained and where. As far as the group has been able to ascertain, 620 persons were detained for political reasons last year and about 180 are now being held without charge.

The detentions last year came in waves and each of them carried off small numbers of politically active whites. Most blacks assume on the basis of bitter experience they have no rights when they fall afoul of the security police, but white parents had never been taught that lesson. So they started negotiating with the authorities on the conditions under which their sons and daughters were being held.

After a meeting with the local security police commander here,

the committee was able to declare it had won a few points. They would be able to see their children, they were promised, and to send them clean clothes, books and food.

The authorities may have assumed a few concessions would be enough to quiet the support committee. But it soon became apparent the agreement reached here had no application in Cape Town or Durban, and that the security police headquarters outside Soweto, where blacks are often interrogated, simply shrugged it off.

When the committee protested on behalf of detainees who were still not being allowed visits or food parcels, it discovered the list of items it could send the prisoners had been abbreviated.

At the meeting Wednesday, the unspoken issue was whether the committee should concentrate on protesting what they took to be the violation of their earlier understanding about the conditions of detention, or the practice of detention without trial itself.

Ultimately, they seemed to decide to do both — to seek an appointment with the head of the security police to talk about conditions, and to circulate an open letter to 100 top businessmen urging them to demand "the unconditional release of all political detainees." They also talked about what they might do to help set up support committees in black communities.

The whites, who were in a majority at the meeting, seemed to think they would damage their ability to intercede for their own children if they interceded for blacks. But by the time Mr. Koorhof volunteered to speak on behalf of Mrs. Sisulu, they had agreed they needed to prepare a strategy to protest future detentions.

An Atlantic Gap Widens

The Polish crisis has produced a new and painful showing of Atlantic disarray. The United States moved to condemn the coup in Warsaw and to impose limited sanctions against the Polish regime and the Kremlin. But the allies have variously hung back on both fronts. Why?

Poland is not remote from Europe or from Europe's interest or security. It is in the heart of the NATO treaty area. What is happening there is precisely the sort of intimidation and violence that NATO was organized to protect its members against. West Europe's own neighbors are the perpetrators. Is West Europe satisfied to have Americans come to feel that the suppression of democratic movements by force on the European continent is of small consequence to Europeans?

The geopolitical facts of life being constant, the values at stake in Poland cannot be defended there in the same ways that they presumably would be defended if they were under siege in, say, West Germany. The fact remains that what Solidarity has been doing since 1980 is essentially to assert Poland's European heritage. Morally, Europeans should be first to recognize this.

Helmut Schmidt's response is especially puzzling. The West German chancellor presumably does not lack sympathy for Solidarity. He surely understands the role the United States plays in helping to keep the European balance. But he has seemed distracted. The declaration of martial law caused no perceptible ripple in his talks with his East German counterpart. He ignores the damage martial law has done to his concept of détente with the East, or at least so one

gathers from the comments he has made from his vacation beach in Florida.

Some people in Washington ask why Mr. Reagan did not wait to bring the allies along on sanctions. The Europeans appear relieved that he did not put them on the spot. What might consultation have produced? Perhaps, in a month's time, an agreement to cut back the delivery of third-class mail?

A case can always be made for a grin-and-bear-it policy. It saves wear and tear, minimizes public embarrassment, and lets the Alliance limp on. But the purpose of the Alliance is to give Europe the benefits that flow from everyone's understanding that the United States cares. Is it in Europe's interest for the feeling to grow in the United States that Europe itself does not care?

Not so long ago, Mr. Reagan was being widely depicted as something of a madman brandishing nuclear weapons and blowing on the East-West coals. He made a major impact on responsible Atlantic opinion by the way he moved to the table with the Soviet Union; those talks, on nuclear weapons in Europe, go on. Now it is suggested in some European quarters that he is overreacting to Poland for his own shadowy political or diplomatic reasons.

We don't think Mr. Reagan is overreacting. He continues, after all, to solve the Soviet Union's farm crisis for it. We think some Europeans are underreacting. Each time there is a crisis — Iran, Afghanistan, the Middle East, Poland — the Atlantic gap gets a bit wider. No one event is determinative, but the cumulative effect is real.

THE WASHINGTON POST.

Communism and Tanks

"I lived through '56 and '68 and '70 and '76," said an unnamed Polish Communist in Warsaw last week, "but this one was different. We had a year and a half to create something unique and beautiful. This time I thought, there's really a chance to reform Socialism, to change it, to make it just and make it work. Now I don't believe that can ever happen again. There can't be Communism without tanks."

Is she right?

The woman's catalog of Polish rebellions testifies that not much can be said for Communism with tanks. From Berlin to Peking, it has failed to produce the bread that was supposed to justify tyranny and conquest. From Lenin to Mao, it has made a mess of apportioning what bread it has. Gangs of one, four or a million — the leaders of Djilas' "new class" — have misappropriated the rights and produce of their people, always blaming failure on the gang that went before.

The Poles are the first, but surely not the last, to answer with a crowd of 10 million. Tanks may crush them now, but then there will be 20 million.

Three weeks into the deed, it is still hard to discern what Gen. Jaruzelski hoped to achieve with his "state of war" against the Polish people. If it was to make them work efficiently at the point of a bayonet, he was a fool. If it was to shock them into canceling a few more political demonstrations so as to protect the freedoms already gained, as he claimed, he has failed. He now stands before his people twice condemned, a Soviet stooge employing Gestapo methods.

Now as before, the only way to revive Poland's economy is by a deal between Solidarity and governmental authority. Most of the union rebels would have to accept a nominal "supremacy" of the Communist Party and a Soviet-oriented foreign policy. The soldiers and Communists who want to save their country would have to tolerate a rival power

center in the unions. Yet to achieve that, Jaruzelski would have to be man and patriot enough to confess serious error. He would have to release Solidarity's leaders and turn his troops against the party goons who insist on crushing the union. Don't bet on such a reversal, but until tanks learn to milk cows and mine coal, it remains a possibility.

Having acquiesced, for 35 years, to even greater brutality in Eastern Europe, why is this America's concern? Why not let the Soviet system decay at its own pace? The answer lies not in Wilsonian pieties about "self-determination" but in those tanks.

The Soviet military machine is Communism's most impressive achievement, and the longer it occupies half of Europe, the greater the West's stake in the quality of government it imposes. The costlier the occupation, the more the Russians will yearn to expand their power to pay the bill. The more onerous they have to make their tyranny, the more they will feel threatened by democracy and prosperity in the West. A European balance of power requires stability East and West.

That was the principle written into the Helsinki Accords of 1975. To gain recognition at last of the division of Europe into democratic and Communist halves, the Russians accepted a code of conduct for their realm, promising respect for basic human rights and a livelier trade in ideas as well as goods. However much dishonored in practice, that code proclaimed the cultural unity of Europe and the painfully learned lesson that barbarity in any part of the continent threatens war across the whole.

It was not to wrest Poland from the Russians' sphere that the West lent it \$30 billion or that the Polish people finally rebelled. As the woman in Warsaw said, it is a workable Communism that they seek — and that Ronald Reagan, of all people, even now wisely offers to assist.

THE NEW YORK TIMES.

Bumps in Washington

The Reagan administration's drive to reduce federal jobs and functions has produced enormous uncertainty and demoralization throughout government, with the notable exception of the defense agencies. Over the next two years firings should accelerate as the administration tries to reach its goal of cutting non-defense jobs by at least 75,000.

Some workers will face dismissal after only a few days' notice. This harsh treatment is possible because many agency heads issued blanket notices of possible layoffs a few months ago. Later came a five-day warning to the relatively few employees finally given the door — thereby avoiding the inconvenience (to the bosses) of having disgruntled employees hanging around during the required 30-day notification period.

Finding a new job will not be easy. The "outside" job market is in a generally disastrous state, and many workers — especially those who have been in government for many years — have skills with limited use in the private sector. The fabled "revolving door"

by which departing government employees move smoothly into the corners of the private sector with which they have been dealing for years turns out to be rather narrow.

Agencies have yet to receive the final word as to how much of the recent increases in general and executive salaries will have to be absorbed out of their current resources. This puts personnel managers in a bind. No one wants to lay off workers now if it may later turn out that budgets can carry a larger staff.

Adding to this confusion is the extraordinary disruption to an agency's working that occurs when laid-off workers exercise their right to claim other federal jobs by "bumping" workers with less seniority. The chain reaction set off by laying off one person may result in three or four other disgruntled workers being shifted to jobs of lesser status for which they are less well suited. You may not think that government is efficient enough now, but wait until you see what it's like after two years of hard bumps.

THE WASHINGTON POST.

Jan. 4: From Our Pages of 75 and 50 Years Ago

1907: Differences Over Cuba

WASHINGTON — In official and Congressional circles the greatest interest is expressed in the suggestion that the solution of the Cuban question lies not so much in the annexation as in a protectorate by the United States, similar to that of England over Egypt, which should maintain order and under which the Cubans should have self-government. The Administration feels, however, that it will have great difficulty in pressing back the annexation sentiment in Congress. There is undoubtedly a feeling growing in Congress that there must either be complete annexation or a permanent protectorate over Cuba and that the United States military forces now there will never be withdrawn.

1932: Mahatma Gandhi Arrested

BOMBAY — Mahatma Gandhi was arrested this morning on his way from Bombay to Ahmedabad. Still observing his weekly day of silence and prayer that he had begun a few hours earlier, the leader of the "New India" descended from the train at a little wayside station. The mahatma's arrest, it is understood, is the sequel to his blunt declaration to the viceroy, Lord Willingdon, that he assumed full responsibility for the revival of the civil disobedience movement. His previous assurance that every effort would be made to conduct the struggle in a strictly nonviolent manner is considered by the authorities to be insufficient guarantee against disorders and the disruption of business.

Reagan Talks Tougher Than It Means

By James Reston

WASHINGTON — One of the few consolations about the old year is that the actions of the Reagan administration were more moderate than its words. It reminds us for 1982 of the advice offered by many public servants in the past: Pay attention to what governments do rather than to what they say.

President Reagan, among others, illustrates the point. He has not been quite a prisoner of his campaign rhetoric. He is condemned for not putting his words and his acts together, but this may be the hope of his next three years in the presidency.

For when he is confronted by the facts, he denies he is switching, but he switches. As an old sports reporter, he learned that on fourth down and seven to go, you punt.

He was sore at the Cubans and he threatened to get the rest of the Communist subversion in Central America, but he didn't do much about it. He was outraged by the Soviet conspiracy in Poland, but he merely denied them the trade and technology they could get elsewhere. He called the Soviets liars, cheats and atheists who would do anything to conquer the world, and vowed to "punish them for their evil deeds in Poland," but he wrote letters to Brezhnev at the same time suggesting they might meet in 1982 and talk it all over.

Meanwhile, he was careful to keep shipping them grain, despite their interference in Poland and Afghanistan, and he continued the nuclear arms talks with them in Geneva.

America's allies are astonished by this performance. They think there is no logic to it, but they would be alarmed and deeply divided if he acted as restlessly as he talks. If he really believed what he says about the ominous intentions of the Soviets, he would in logic start the new year by calling for a military draft, which Secretary of State Haig has wanted for years. And if he really wanted to "punish" the

Soviets, he would stop the grain shipments and postpone the nuclear arms talks. Actually, he is a very glib but cautious man.

He doesn't have a world policy but a movie script. He denounces the villains in a Christmas message, of all places, and then goes off to California for the holidays, along with Haig, at Palm Springs. Other leaders do the same: Chancellor Schmidt of West Germany is at Sanibel Island off the coast of Florida; Brezhnev is at his dacha, while the propaganda machines keep blaring away about the crises in East-West and allied relations.

Nobody is really satisfied with this state of affairs, but they could be worse, and Reagan's symbolic anchor has had some useful results. The Soviets have not invaded Poland, as they might have without fear of a clear break with Washington. Israel has had second thoughts after Reagan's stern reaction to Begin's annexation of the Golan. And the European allies have begun to wonder about their security if they allow their neutralists and pacifists to break the American military connection.

Even so, there is anxiety in Washington and in the allied capitals about Reagan's casual approach to foreign policy problems. The general complaint is that this administration has no strategy, no clear interpretation of the world; that it is playing diplomatic chess, one move at a time, without any pattern in mind — talking tough, but acting soft, and confusing its supporters and adversaries in the process.

What is developing is a feeling that this administration has some dogmatic objectives and some vague and contradictory assumptions about how to achieve them, but that their policies are not working, either at home or abroad. And that the president, relying on staff, does not really have a very good or united staff, but

a divided group of advisers, who contend on television for his and the public's attention. The result is that the Congress and the allies tend to go off on their own. The allies don't think his sanctions against Poland and the Soviet Union will help the Polish people or intimidate the Russians, but merely irritate them and perhaps bring them closer together.

Likewise, the allies have no faith that Reagan's anger against Prime Minister Begin of Israel, however justified, will change Israel's policies, so long as Reagan continues to finance the Israel policies he says he opposes. They respect his anger but reject his policy and go off on their own without any evidence that they know where they're going.

So what is to be done in the new year? The administration is aware of the question, as it comes to the end of the president's first year in the White House, but the answer so far is probably: not much. The allies have some vague suggestions, carefully muttered, and all are controversial and divisive within the Reagan high command.

Bring back Henry Kissinger, who, despite all his enemies, has a sense of strategy, and the confidence of the allies?

Arrange a meeting between Reagan and Brezhnev early in 1982 rather than let things fester down into a crisis that would have to be confronted later in the year?

Get the leaders of the administration and the Congress together in a serious nonpartisan discussion of foreign policy before they divide in the congressional elections next November?

These are not the administration's favorite questions at the start of the new year, but there is room for compromise on foreign policy, both in Washington and within the alliance, for in private conversation the president is much less dogmatic than he sounds in public.

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Warning Schmidt Quietly

By Rowland Evans and Robert Novak

WASHINGTON — In the first round of his uphill battle to keep the Western alliance from splitting over U.S. sanctions against the Soviet Union, President Reagan will deliver this warning to Chancellor Helmut Schmidt on Tuesday: The West cannot permit Moscow to use Poland to split the alliance.

Such a warning would seem to be superfluous. What makes it imperative is the widening gap between West Germany and the United States over Reagan's stern response to Soviet complicity in the Polish tragedy. With strong backing from the Italians and, only slightly less so, from France and Britain, America faces a West German whose insistence on the durability of détente is the antithesis of Reagan's hardening policy toward the Soviet Union.

Thus, in his Oval Office tête-à-tête with Schmidt, Reagan intends not to threaten or bluster. He will simply caution that West German-Soviet business-as-usual will infuriate Congress and could in the end give Moscow the prize it has always sought: the breakup of the Western alliance.

But the president's cards are in low digits. The sanctions he is using against Moscow will not in itself cause self-sacrifice in America, mainly because it has very little industrial trade with the Soviet Union. That weakens his case for the moral issue: that the Western democracies and Japan cannot sit by and fiddle while Poland burns under Soviet orders to destroy the Polish workers' movement.

Politics

In any case, the moral issue all but disappeared with Reagan's decision early last year to end the Soviet grain embargo, imposed as punishment for the invasion of Afghanistan. That was a domestic political decision, pure and simple, to help American farmers. It opens the way for Schmidt to say no to U.S.-style sanctions on similar grounds, arguing that West German producers exert no less political clout on his government than U.S. farmers do on Reagan's.

Also troublesome is Reagan's failure to have eliminated the "gray area," but to have Schmidt and the anti-American left wing of his Social Democratic Party. The "gray area" has become a crutch for the avoidance of anti-Soviet actions in Bonn.

The Bone

In his Dec. 30 statement explaining the continued inaction of Schmidt's government, Kurt Beck, the official spokesman, emphasized the "varying evaluations of the events" in Poland. Translated, that means West Germany does not accept Reagan's finding of Soviet "complicity."

Likewise, Beck's statement of Schmidt's "principle" that "Poland must solve its problems alone without outside intervention" — ignoring official U.S. disclosure that the martial law decrees were published surreptitiously in Moscow months ago and carried out with top Soviet generals secretly calling the shots in Warsaw.

Reagan will not confront Schmidt with such fundamental disagreements. Nor will he express the indignation of his top aides over Beck's statement (that the Dec. 30 visit to Bonn by Polish Deputy Premier Mieczyslaw Rakowski was "a clear reaction to Bonn's political influence on the situation").

For the Reagan administration that sentiment is on a rough par with Schmidt's long-standing claim to be the West's "valued bridge" to Soviet President Leonid Brezhnev. Soviet officials suspect that political pressures on Schmidt have forced him to proclaim West Germany as a mediator between the United States and the Soviet Union, when in fact it is the most powerful European member of the alliance.

It is not Reagan's plan to irritate such open sores. Nor will he pressure Schmidt to cancel the Soviet gas pipeline, although the coalition government of Italy — one of the future beneficiaries of Soviet gas — has agreed to reconsider Italy's participation, and the United States wants it canceled.

The crisis in the alliance transcends the pipeline. West German trade with the East Bloc or who said what when. These matters or wasting flesh on the bones of an alliance, but it is the bone issue that is in danger of disintegrating.

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The Game Of 1982

By William Safire

WASHINGTON — There was once an annual tradition called the Office Pool, a device to stretch readers' imaginations, force long-range thinking and slyly slip in my own prognostications about the year ahead. Because some grimly frolicsome readers clipped these columns to confront me with them at year's end, this tradition was abandoned several years ago. With the embarrassment passed, here we go again:

1. First of the White House Troika to leave will be (a) Ed Meese, to run for attorney general of California; (b) Jim Baker, to run against Lloyd Bentsen for senator from Texas; (c) Mike Deaver, to run for cover.

2. Within the next year, the government of Israel will (a) give back the last third of Sinai to Egypt; (b) make surprise progress on autonomy talks before a high-level U.S. emissary appears; (c) smash the PLO and end the creeping Syrian annexation of Lebanon; (d) hold new elections; (e) all four.

3. The workers of Poland will (a) cool off and suffer in silence; (b) explode and be crushed by Russians and East Germans; (c) resist with sporadic violence and slowdowns until some concessions are made.

4. The foreign economic story of the year will be (a) panic in West Germany after the bankruptcy of Poland; (b) crumbling of the Common Market under French demands for protectionism; (c) dumping of Japanese goods on the U.S. market and the fierce reaction in America.

5. The new high-level American emissary to Israeli-Egyptian



"I Don't Know About You, but I'm Going Back to Tea Leaves and Eye of Newt."

autonomy negotiations will be (a) Sol Linowitz; (b) Leonard Garment; (c) Laurence Silberman; (d) Vernon Jordan.

6. U.S. unemployment will (a) peak at 9 percent in midsummer, then slowly gentle down; (b) reach the double digits before midsummer and then not come down significantly all year; (c) peak first just below 10 percent, giving everyone hope, then take off again.

7. U.S. inflation will (a) continue to drop and level off at under 5 percent; (b) surge again to double digits, bringing about the worst of both worlds; (c) drift back upward as the Fed is forced to reflate.

8. The next successful revolution, overthrowing the government in power, will take place in (a) Angola; (b) Iran; (c) El Salvador; (d) Libya.

9. Front-runner in the opinion polls for the Democratic presidential nomination will be (a)

Kennedy; (b) Mondale; (c) Glenn; (d) Hart.

10. Results of the 1982 elections will be (a) Republicans gain in Senate, Democrats gain in House; (b) Republican sweep; (c) Democratic sweep.

11. Reagan's popularity in the Gallup Poll (a) remains at the current 51 percent; (b) rises; (c) eases to 45 percent; (d) plunges below 40 percent.

12. The biggest U.S. domestic controversy of the year will be (a) the tax cut supposedly needed to reduce the looming deficit; (b) the demand for wage and price controls; (c) the freeze of the cost-of-living adjustment; (d) the campaign to cut the national defense budget.

13. America's biggest international controversy of the year will be (a) with China over U.S. willingness to sell the FX fighter to Taiwan; (b) with the Soviet Union over the U.S. demand to reduce strategic arms; (c) with the European allies and Japan

over their reluctance to respond to Soviet aggression.

14. Reagan's greatest failure will be (a) to refuse to hang tough through recession until inflation is cured; (b) to lose allies America has in vain pursuit of allies it would like to have; (c) to succumb to premature summitry in pursuit of popularity.

15. Reagan's greatest success will be (a) to remain personally liked despite failure to carry out his mandate; (b) to direct the flow of power away from Washington; (c) to combine strength of will with a military buildup to stop the Soviet bid for strategic superiority.

My own choices are 1-a, 2-c, 3-c, 4-b, 5 through 7-c, 8-b, 9-a, 10-a, 11 through 14-c, 15-b. Any especially egregious errors will have been caused by misprints in this paragraph. Any reader who gets more than five answers right should not be reading this column but writing it.

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The Press Might Do Well to Report on Itself

By Robert J. McCloskey

WASHINGTON — Many newspaper readers would agree that there was some rightous good stuff in a recent speech made in Washington by the publisher of the Los Angeles Times, Tom Johnson. Any number might fancy themselves having written the more quotable remarks.

For instance: "We of the press ought to admit it. There are too many violations of journalistic ethics. The fact is that many in our profession have been guilty of conflicts of interest, have been guilty of presenting outright fiction as fact, have been guilty of irresponsible and prejudicial reporting."

And this: "I believe this suspicion will persist until we are willing to apply to ourselves the same standards we demand of others. We cannot have it both ways — pleading our rights under the First Amendment while opting to remain silent under the Fifth. We exempt ourselves from accountability while demanding it of others."

The above and more came on Dec. 8 in the annual Frank E. Gannett Lecture under the auspices of the Washington Journalism Center. Johnson was discussing the performance of the news media in relation to other institutions with which it has daily contact: the government, the law, business. Those fields were represented in the audience.

Earlier, he had said: "I cannot recall a time when the communications industry — itself a powerful institution — has been under broader or more insistent assault by other powerful institutions in our society."

And: "Until we are as open as we expect others to be, the public will continue to regard us as one powerful institution doing battle with other power institutions — and also as having a dubious advantage because of our unique constitutional protections."

It should be said that Johnson criticized those other institutions also, including the Reagan administration for its intention to amend the Freedom of Information Act. But such public outspokenness about the media is almost unheard of from the chief operating officer of a major publication.

An important question is how much attention the press gives to such frank admissions from within the profession. The answer, no much. A survey of metropolitan dailies shows that only The Washington Post and Johnson's own paper gave the story any space.

The Post, after producing a skimpy account back with the business news, published lengthy excerpts on the op-ed page two weeks later. The Los Angeles Times carried an Associated Press dispatch on page 11 the day after the speech. Elsewhere, the daily media turned a deaf ear.

Perhaps this is to make too much of a transient thing, and it should be accepted that the news business will go on doing a more complete job of covering everybody else's business than its own. You may be sure that if a government executive or a corporate executive did a number on the press, the story would not wait for attention.

For the news media to subject itself openly to the scrutiny and analysis to which it subjects other enterprises may be equivalent to asking the emperor himself to say he is without clothes. Most observers, however, would see that for what it is: fair play.

To be sure, there are stirrings of concern within the profession for ethical standards that are at least as well accepted as those for other pursuits. The American Society of Newspaper Editors recently commissioned a guidebook on journalistic ethics. Editors themselves are probably split as to whether there can or ought to be an equivalent of the Ten Commandments for newspaper managers.

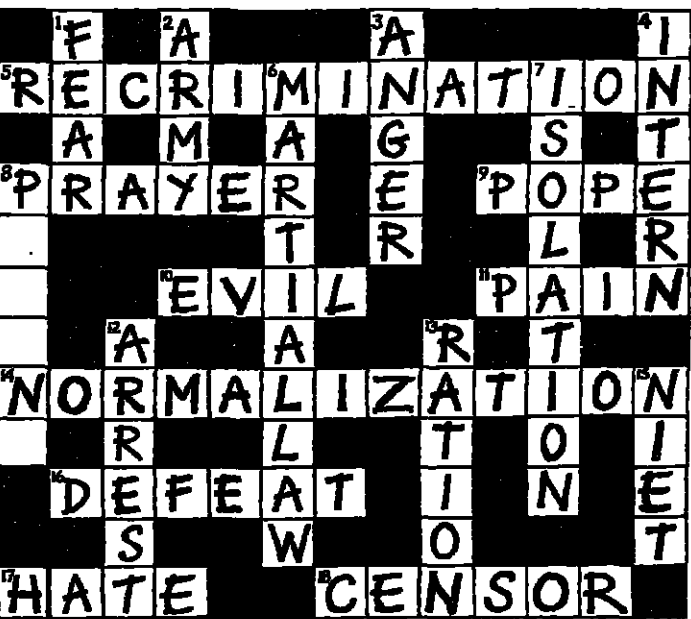
Most papers already have individual codes that tend to be a mixture of standards designed to govern the selection and content of news coverage, together with prohibitions on what journalists may and may not accept — free tickets, free lunches, for example — in performance of their work. Most of these codes have been on the books for some years, being honored in the breach, most critics would say. Additionally now, 20 or

more sizable dailies in the country employ ombudsmen as independent internal critics. They represent the readership and react to the paper as readers themselves.

Still, there is skepticism. More than 50 years ago, Walter Lippmann, commenting on disillusionment about the press, observed that "what is sauce for the goose

— that is to say for public men, businessmen, bankers, labor leaders, artists — must be sauce for the gander; for reporters, editors, commentators, book reviewers, dramatic critics." The lack of open criticism of the press, he said, "deprives the press itself of the benefits of the very principle of which the press is, in relation to everything else, the chief exponent."

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Chun Names Premier In a Reshuffle Aimed At Boosting Economy

By Henry Scott Stokes

New York Times Service

TOKYO — President Chun Doo Hwan of South Korea appointed Yoo Chang Soon as premier Sunday to succeed Nam Duck Woo, and replaced five main economic ministers in the first major Cabinet reshuffle since Mr. Chun took over as head of state in September, 1980.

A presidential spokesman said that Mr. Chun made the changes to achieve better progress under South Korea's new five-year development plan, starting this year.

Huge Aid Requests

The decision to replace Mr. Nam, a respected economic technocrat, with Mr. Yoo, former head of the Korean Traders Association, came as a surprise in Japan. The move appeared to reflect Mr. Chun's dissatisfaction with Mr. Nam's handling of the economy.

Mr. Chun made the reshuffle after his mentor, Park Chung Hee, launched an industrial revolution in the mid-1960s.

State Yen Credits

Japanese state yen credits are seen as key, because big business would likely follow the government lead. Japanese business is favorably impressed by Mr. Chun's restoration of calm in South Korea with the aid of a revived military and civilian security apparatus.

The Japanese government is also willing to overlook a previous stumbling block to good relations between the two countries.

Last year Japanese aid was \$80 million. Japan considers that high figure for an economy such as South Korea's, which has an average per capita income of \$1,636 in 1980. According to experts in Japan, the aid request means that South Korea can no longer be considered a developing nation.

But last autumn Mr. Chun suddenly asked Tokyo for \$6 billion in government credits for his new five-year plan, and \$4 billion in private investments and bank loans. South Korea's economy has been plagued by inadequate exports, mounting unemployment and rising foreign debts.

Under pressure from the United States, Japan is moving swiftly toward a major aid agreement with South Korea, reflecting the urgency of Korean needs, according to Foreign Ministry officials. Signs that Japan is ready to move toward an aid agreement are:

• An unconfirmed report by the Asahi newspaper during the week-end that Japan will offer \$3.5 billion in yen credits to South Korea for the five-year plan.

• Plans for Akizane Kiuchi, a key diplomat in charge of Korean affairs in Tokyo, to visit Seoul later this month for talks on the aid package.

• Tentative schedules for Foreign Minister Yoshio Sakuruchi to go to Seoul in the early spring and for Premier Zenko Suzuki to follow later in the year to formally seal the aid deal.

Japanese diplomats said that aid to South Korea is one of three priorities in foreign policy for the Suzuki Cabinet. The others are steps to reduce Japan's trade surplus with the West, and talks with the Soviet Union aimed at the return of islands off Hokkaido occupied by the Russians after World War II.

Hostility to Russians Runs Deep Among Xenophobic Vietnamese

By Keyes Beech

Los Angeles Times Service

BANGKOK — In the mountain city of Da Nang, north of Ho Chi Minh City, a crowd of hostile Vietnamese shouting *Liexio* fell in behind a pair of white foreigners and began pelting them with stones.

Fortunately, the victims did not panic and run. Otherwise, they might have been seriously injured or killed.

Liexio is the Vietnamese word for Soviet, but the two foreigners were not Soviet citizens. They were the French consul general and his wife.

Several months ago in Da Nang, in central Vietnam, a group of European students got off a train and found themselves surrounded by a crowd of threatening Vietnamese. Fortunately, some of the students spoke enough Vietnamese to convince the crowd that they were Swedes, not Russians.

In Ho Chi Minh City, which was called Saigon before the Communist takeover in 1975, another European walking along the sidewalk narrowly escaped being run down by two young Vietnamese on motorbikes, shouting *Liexio*.

In Hanoi, an American who works for a UN agency was asked if he was Russian.

"No," he said, "I'm an American."

"You Russians will lie about anything, won't you?" the Vietnamese replied cynically.

Term for Foreigners

Among the Vietnamese, and especially among uneducated Southerners, the word *Liexio* has become the generic term for all foreigners.

But if things are tough for non-Russian foreigners in Vietnam, they are tougher for the Russians. There have been at least half a dozen reports of Russians being murdered in and around Ho Chi Minh City.

No outsider knows how many Russians are in Vietnam. Estimates range from 5,000 to 10,000. Hostility to the Russians is deeply rooted in Vietnamese xenophobia, forged by 2,000 years of Chinese domination, 80 years of French co-

lonialism and, more recently, the presence of more than half a million U.S. troops.

Some observers think the Vietnamese in the South who attack Russians are using them as scapegoats to express their hatred of North Vietnam for imposing Communism on the South.

"We hate the Russians," a Vietnamese refugee here said, "because they are big, fat, sweaty, Communist — and in Vietnam."

Incidents of harassment are rare in the North, where the population is better disciplined and more accustomed to a Soviet presence. Russians never go out alone, according to Western sources, especially in the South. They travel in pairs or groups.

'Positively Paranoid'

"They're positively paranoid," one Westerner said, "but that doesn't mean that somebody isn't out to get them. Somebody is."

"The Russians are so thoroughly despised that it's almost possible to feel sorry for them," a European diplomat said.

"Dislike or hatred of the Russians extends to other countries of Indochina under Hanoi's rule. In

Yamani Proposes Aid to Pakistan

Reuters

ISLAMABAD, Pakistan — Saudi Arabia would help Pakistan develop energy resources and would consider joint ventures for oil exploration in Pakistan, according to Saudi Oil Minister Sheikh Ahmed Zaki Yamani.

He said Saturday at the end of a six-day visit to Pakistan that Saudi Arabia was "very concerned" by Pakistan's difficulties in financing development of energy and mineral resources and that his country would look favorably on a Pakistani request for collaboration in developing hydro-electric and thermal power.

Pakistani officials have said that the country needs foreign help to develop 10 known oil-bearing regions and that Kuwait has shown an interest in joint ventures.



Yoo Chang Soon

— the imprisonment of opposition leader Kim Dae Jung on charges of sedition.

Mr. Kim, whose death sentence was commuted to life in prison by Mr. Chun, is in jail, along with a dozen co-defendants. Mr. Kim was taken from Japan in 1973 by Mr. Park's notorious Korean Central Intelligence Agency.

But Kakuei Tanaka, a former premier who is Japan's most powerful politician behind the scenes, said in an interview that the Kim case is closed and has no bearing on Seoul's aid request. Mr. Tanaka, who was premier at the time of Mr. Kim's abduction from a Tokyo hotel, is considered an authority on the case.

An aid agreement with South Korea "will be concluded," Mr. Tanaka said, speaking in effect for the conservative ruling party, the Liberal Democrats.

U.S. Reportedly Seeks Use of Port in China

New York Times Service

TOKYO — A Japanese newspaper reported Sunday that the United States is negotiating with China for the U.S. 7th Fleet to use port facilities in the northeast city of Dairen.

No confirmation of the report in the Yomiuri newspaper could be obtained from Japanese government officials, cited by the newspaper as its source. Nor was there any comment from the U.S. forces in Japan, where the 7th Fleet uses Yokosuka as a home base.

[A State Department spokesman in Washington said he had no information on the report. But U.S. military sources said that given the state of relations between China and the United States, it was unlikely any such talks were going on, Reuters reported.]

The Tokyo paper also reported that the United States has set up a communications and monitoring facility in western China to observe Soviet nuclear tests and aircraft. It attributed its information to government sources.

Last June, The New York Times and NBC reported that one or two listening posts manned by Chinese technicians using U.S. equipment had been set up in Xinjiang. The Chinese government responded at the time by saying, "We have never heard of it."

The Yomiuri said the Japanese government was "taking great interest in the information it obtained through official diplomatic channels that negotiations

are going on to make Dairen a home port to supply water and food to the U.S. 7th Fleet." Dairen is also known as Luda and Dalian.

"The government takes this move as indicating a possibility that U.S.-China military relations will strengthen yet more in counting the buildup of the Soviet Pacific fleet," the newspaper said.

On the monitoring base, the Yomiuri said "government and Defense Agency sources have confirmed that the base is located near Lop Nur in Xinjiang Uygur, western China."

"Some U.S. engineers are said to be stationed at the base, which was reportedly completed before the summer of 1981," it said.

The newspaper reiterated reports that the United States sought the use of the monitoring base to compensate for losing a base in northern Iran after the downfall of the shah.

The newspaper said the government sources interpreted the reports as showing that U.S.-Chinese military cooperation had been accelerating faster than expected.

14 Killed in Indian Crash

United Press International

NEW DELHI — Fourteen persons died when a passenger train hit a truck on a railway crossing near Hapur town, about 30 miles (48 kilometers) west of New Delhi, the Press Trust of India said Saturday.

The train was carrying 140 passengers and 10 crew members. The truck was carrying 10 passengers and 10 crew members.

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Marcos Foes in U.S. Fear Crackdown on Their Activities

By Jay Mathews

Washington Post Service

LOS ANGELES — A series of actions by federal officials, including a midnight raid on the San Francisco home of a leading opponent of Philippine President Ferdinand E. Marcos, have aroused fears of a major crackdown on anti-Marcos activities among the estimated 800,000 people of Philippine descent in the United States.

U.S. officials say there is no attempt on the part of the U.S. government to frustrate Filipino dissent, but Philippine dissidents are concerned that the Reagan administration is involved in an organized campaign to shore up Mr. Marcos' rule.

They point to a visit to Manila by Secretary of State Alexander M. Haig Jr., complimentary remarks about Mr. Marcos by Vice President Bush and a U.S.-Philippine extradition treaty signed in November as further indications of strong new U.S. support for Marcos.

The actions are a sharp change from the approach of the Carter administration, which was a frequent critic of human rights policies in the Philippines.

'A Great Effort'

"There has been definitely a great effort between the Reagan administration and the Marcos regime to repress any resistance here," said Steve Psinakis, a journalist and anti-Marcos activist whose home was raided the night of Sept. 17 by about 20 federal agents using two dogs sniffing for bombs.

During the three-hour raid, agents unwrapped Christmas presents meant for Mr. Psinakis' children, and copied or confiscated many personal papers. If those papers fell into Mr. Marcos' hands, they could be used against dissidents in the Philippines, Mr. Psinakis said.

Assistant U.S. Attorney William Farmer, who is involved in a federal grand jury investigation in San Francisco into whether persons in the United States are connected to bombings in the Philippines, indicated in an interview that the search had been based on information that bomb parts and tools might be found at Mr. Psinakis' home.

According to a list left by federal agents with Mr. Psinakis, no obvious bomb materials were found. But agents subpoenaed for grand jury testimony another critic of Mr. Marcos who was at the Psinakis house at the time, Charles

Avila. The federal list said a 22-caliber handgun and a picture of people holding weapons were taken from Mr. Avila.

The U.S. investigation is the result of bombings in the Philippines in late 1980. One of the explosions was at a convention in Manila of the American Society of Travel Agents that injured about 20 persons, seven of them Americans. A revolutionary anti-Marcos group called the April 6 Liberation Movement claimed responsibility for that bombing, but the leading opponents of Mr. Marcos in the United States have denied involvement with the group.

State Department Denial

A U.S. State Department official said the investigation "is not a political effort of any kind. We are looking to uncover violations of U.S. law."

Individuals in this country linked to the bombings could be prosecuted under the U.S. Neutrality Act, which prohibits conspiracies to forcibly overthrow allied governments, or under the Arms Export and Munitions Control Act, which bars the unauthorized export of arms and explosives from the United States.

Mr. Lauchengco said he fears that Mr. Lovely can easily be returned to the Philippines and be further tortured if the U.S. Senate ratifies the extradition treaty signed in November. Anti-Marcos leaders said they fear the treaty could be used to extradite several prominent Filipinos wanted on

what they call fraudulent charges of murder and other criminal offenses made against them because they oppose Mr. Marcos.

The most prominent of these is former Philippine Sen. Benigno Aquino Jr., now a fellow at Harvard's Center for International Affairs. For years, he was a prisoner in Manila until Mr. Marcos freed him in 1980 to seek medical treatment in the United States.

Appeals Possible

Mr. Psinakis, Mr. Aquino and Raul F. Manglapus, a prominent opponent of Mr. Marcos in the Washington area, and several other dissident leaders were arrested almost simultaneously in March by federal agents asking about the Philippine bombings, but they have denied involvement in any violent acts.

A State Department official said if the extradition treaty is ratified, requests from the Marcos government for the return of suspects in the United States must first be approved by the State Department and the Justice Department.

But even with approval from Washington for extradition, a person in danger of extradition may argue before a U.S. judge that the evidence and the legal system of

the requesting country should forbid his extradition and he may appeal the case to the U.S. Supreme Court.

A Senate staff member said it was unclear whether the treaty would be ratified. A State Department spokesman said persons who have been granted political asylum in the United States are not automatically safe from extradition but the fact that they were granted asylum would weigh in their favor.

Mr. Psinakis helped two prominent opponents of Mr. Marcos to make a daring escape from a Manila-area prison in 1977. His brother-in-law, Eugenio Lopez, was one of them.

Mr. Psinakis said the search of his house was "mostly civil and polite," but at one point an agent panicked and fired a handgun. The firing stopped immediately and no one was hurt.

Mr. Psinakis said he has visited training camps for anti-Marcos guerrillas "outside the United States" in his capacity as a journalist for Philippine-American publications.

Mr. Aquino, in a telephone interview, said he had traveled recently to the Middle East to talk with anti-Marcos Moslem leaders.

Marcos Denies Role in Son-in-Law's Abduction

By Abby Tan

Washington Post Service

MANILA — Philippine President Ferdinand E. Marcos Sunday night issued a statement strongly denying insinuations that his family was involved in the disappearance of Tommy Manotoc, a Filipino sportsman who had recently married the president's elder daughter in the United States last month.

The president also ordered the military and police to make every effort to secure his release from kidnappers. He also called on the press and the Manotoc family to cooperate in solving the case.

The president's reaction came five days after Mr. Manotoc, 33, a basketball coach and top amateur golfer, was reported missing after dining with Mr. Marcos' daughter, Inez, 26, in a downtown restaurant.

There had been speculation about the disappearance and the Manotoc family said it believed it was related to Mr. Manotoc's elopement. The Manotoc family

said the marriage, which took place in Arlington, Va., in early December, was opposed by Mr. and Mrs. Marcos.

The statement issued by the president's office criticized the Manotoc family for making the insinuations and the foreign press for "using the same allegations without the slightest effort at verification."

'Contemptible and Cheap'

The statement said: "While we can understand and sympathize with the Manotoc family in their present travail, it is contemptible and cheap to make of this case an occasion to injure the good name of others."

Questions had been raised about the legality of the daughter's marriage to Mr. Manotoc because he had earlier obtained a divorce from his wife, Aurora Pijuan, in the Dominican Republic.

Without mentioning the daughter's name, the statement said that the president and his family cannot have any personal interest in the disappearance of

Mr. Manotoc because divorces obtained overseas are not recognized in the Philippines.

The Philippines, a predominantly Roman Catholic country, does not permit divorce. The statement added that Mr. Manotoc remains married to Miss Pijuan. "He therefore poses no problem to any member of the president's family."

The Manotoc family had received a note Saturday purportedly written by Mr. Manotoc asking his family for 20 million pesos (\$2.5 million) and well as the release of four Communist leaders.

The family said the note was a fake.

The presidential statement said the family was more concerned with making propaganda against the president and his family than it was cooperating with the investigators.

It continued: "In the effort to establish the real identity of the kidnappers and the authenticity of the ransom note which Mr. Manotoc has allegedly written, obstacles have been posed and all kinds of

absurd statements have been issued.

These in turn have raised speculations about a possible plot to embarrass the president and his family."

Members of the Manotoc family on Sunday said the president's office had asked for samples of Mr. Manotoc's handwriting but that they had refused.

Pakistan Officials Seize A 'Potential Hijacker'

The Associated Press

KARACHI, Pakistan — Karachi airport security officials said they arrested a Palestinian, described as a "potential hijacker," while he was trying to board a Gulf Air flight to Dubai, United Arab Emirates.

When officials searched Yusuf Yusuf, 30, on Saturday, they said, they found a pen pistol and 25 rounds of ammunition hidden in his shoes. It was unclear whether charges had been filed against Mr. Yusuf or where he was being held.

Attacks Frustrate India's Campaign to Help Untouchables

By Stuart Auerbach

Washington Post Service

NEW DELHI — A half century ago Mahatma Gandhi tried to erase what he considered "the greatest of all blots" from India's largely Hindu society by espousing the cause of the untouchables, whom he renamed Harijans, or children of God.

The name stuck. But India's 100 million untouchables remained doomed to the lowest rungs of the economic ladder in one of the world's poorest countries and living in constant fear of attack by other Hindus, usually those just slightly better off than themselves.

Within the Hindu system, untouchables are literally outcasts, belonging to none of the 3,000 castes and subcastes that define the status and role in life of other Hindus.

India ended 1981 with its second massacre of untouchables in six weeks, bringing pleas for greater security for Harijans from Prime Minister Indira Gandhi and threatening the rule of her chief minister in India's most populous state of Uttar Pradesh, where both attacks occurred.

10 Persons Killed

In an attack last week, four or five armed men entered the village of Sadhohar, about 15 miles north of the tourist center of Agra, where the Taj Mahal is situated, and started shooting at Harijans. They killed 10 persons, including five women and two children, and severely wounded two.

The killings in Sadhohar followed by six weeks the unprovoked daylight massacre of 24 untouchables, including seven women, in the village of Deoli, 18 miles to the north.

It remains unclear what caused the attacks, although they are believed to be related to efforts by low-caste Hindus to keep the Harijans in their place.

While these killings are an extreme manifestation of anti-Harijan activities, attacks on untouchables are increasing rather than subsiding, according to figures compiled by Shishir Kumar, the government's commissioner for castes and tribes.

A report released in March said the number of "surocidies" against untouchables had tripled in the three years beginning in 1976 and were continuing to climb in 1979. That year, the last for which figures were available, he reported more than 15,000 attacks on untouchables, with about one-third of them in Uttar Pradesh.

Some Sense a Threat

An editorial in the Times of India after the Deoli killings said attacks on untouchables were increasing because the Harijans had become "more assertive and organized than they have ever been in their long and wretched history."

Sociologists have noted that most of the attacks on untouchables come either from small landowners, who fear that their economic security will be threatened if the largely landless Harijans assert their rights to such things as minimum wages, or from low-caste Hindu laborers.

This is not the first time large numbers of untouchables have converted from Hinduism to another religion; many converted to Christianity during the days of the British raj, and in 1956 a half million Harijans publicly changed to Buddhism.

The Tamil Nadu conversions, however, became a major issue in parliament last summer and galvanized Hindu political and religious leaders into action.

Holy men who once preached that a caste Hindu became impure if he shared food and water with Harijans. One politician, a devout Hindu, organized a rally of a half million people representing all of Hinduism's 60 sects to support the abolition of untouchability.

The politician argued on the basis of his vast Vedic knowledge that untouchability was not a part of Hinduism, but rather a social phenomenon that could be done away with.

It is, however, one that has been rooted in Hinduism for 3,000 years, and so far has resisted efforts by independent India to end it.

The country runs what many call "the world's largest affirmative action program" in an attempt to make sure the untouchables are able to climb the economic ladder by getting seats in universities and jobs in government. Instead, these efforts have led to increased bitter-

ness between untouchables and caste Hindus who say there is reverse discrimination.

New Protests in Assam

NEW DELHI (Reuters) — The police used metal-tipped bamboo staves and tear gas in Assam State on Sunday to break up demonstrations caused by the deaths of seven people in police actions Friday and Saturday.

The police had opened fire during outbreaks of anti-immigration violence in Assam. The Press Trust of India news agency said 35 people were injured in the police action.

The police have been cracking down on anti-immigrant demonstrators trying to disrupt road and rail traffic. The Indian government has refused to yield to demands that all illegal immigrants be evicted from Assam.

Erwin D. Canham, 77, U.S. Journalist, Dies

The Associated Press

AGANA, Guam — Erwin D. Canham, 77, former editor-in-chief of the Christian Science Monitor and the last U.S. resident commissioner of the Northern Mariana Islands in the Pacific, died here Sunday following abdominal surgery two weeks ago.

Mr. Canham guided the Northern Marianas into its current commonwealth status in 1978. A former Rhodes scholar, Mr.

Canham joined the Monitor as a reporter in 1925 and served as its correspondent in Geneva, head of its Washington bureau, general news editor, managing editor and editor. He was editor in chief from 1964 to 1974.

Mr. Canham was an alternate U.S. delegate to the United Nations General Assembly in 1949, served on the U.S. National Commission for Unesco from 1948 to 1951, was a member of the President's Commission on Campus Unrest in 1970, board chairman of the U.S. Chamber of Commerce in 1960 and president of the American Society of Newspaper Editors in 1948-49.

Yevgeniy K. Fedorov

From Agency Dispatches

MOSCOW — Yevgeniy K. Fedorov, 71, one of the Soviet Union's leading geophysicists, died Wednesday, Tass reported Saturday.

Mr. Fedorov, director of the Institute for Applied Geophysics, was known for his extensive research into climatic conditions in the Earth's polar regions and was also associated with his country's space program.

He was head of the Hydrometeorological Service, the Soviet weather bureau, from 1939 to 1947 and from 1962 to 1974. In the intervening years, he was associated with the Geophysics Institute of the Academy of Sciences until 1955 and then set up and headed his own institute of applied geophysics. In 1974 he returned to head the institute.

As head of the weather service, he was the official Soviet signer of an environmental cooperation pact with the United States in 1972. The pact, which included a provision for joint research into forecasting earthquakes, was seen then as possibly opening a door to cooperative research into detecting underground nuclear explosions.

International Bond Prices — Week of Dec. 31

Provided by White Weld Securities, London, a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Am't	Security	Yld	Issue Pr.	Mid Pr.	Yld
dm 200	Australia 1982 Jan	100	99 1/4	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	99 1/4	9.8
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dm 100	Australia 1982 Jan	100	99 1/4	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	99 1/4	9.8
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dm 100	Australia 1982 Jan	100	99 1/4	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	99 1/4	9.8

STRAIGHT BONDS
All Currencies Except DM

Am't	Security	%	Mid Price	Yld
dm 100	Australia 1982 Jan	100	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	9.8
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dm 100	Australia 1982 Jan	100	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	9.8

DM STRAIGHT BONDS

dm 100	Australia 1982 Jan	100	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	9.8
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HIGHEST YIELDS
to Average Life Below 5 Years

dm 100	Australia 1982 Jan	100	99 1/4	9.8
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dm 100	Australia 1982 Jan	100	99 1/4	9.8
dm 100	Australia 1982 Jan	100	99 1/4	9.8

Chicago Exchange Options

For the Week Ending Dec. 31, 1981

Option & price	Call	Puts	Option & price	Call	Puts
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
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dm 100	Australia 1982 Jan	100	99 1/4	9.8	

Option & price	Call	Puts	Option & price	Call	Puts
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
dm 100	Australia 1982 Jan	100	99 1/4	9.8	
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China, Japan Press Offshore Oil Hunt

By Henry Scott Stokes

New York Times Service

TOKYO — China, Japan and dozens of U.S. and European oil companies are preparing to pour billions of dollars into the almost untouched offshore oil resources of China and the continental shelf between China and Japan.

The hunt for oil extends over a vast area. Exploration already has begun from the Bohai Bay in the north to the Gulf of Tonkin in the south.

Experts interviewed here believe that regional offshore oil and gas fields may help Japan, the world's second largest oil importer after the United States, diversify sources of oil away from the Middle East.

"There is a whole series of North Seas out there," said Selig S. Harrison, an Asian oil expert from

ed States, by helping to assure political stability in the region, seems to have laid a foundation for a possible East Asia offshore oil boom in the 1980s.

Japan-China Oil Development Co., a Tokyo-based firm created in 1980 by the state-run Japan National Oil Corp. and 47 powerful trading and industrial companies here, has struck high quality oil of the Arabian-light type with its first three test wells in the Bohai Bay.

China is to open offshore areas for bids by 45 Japanese, U.S. and European oil companies in early 1982 in the South China Sea, the Yellow Sea and the Gulf of Tonkin, west of Hainan Island. The companies have conducted seismic surveys costing an estimated \$200 million.

China sank a well in the heart of the East China Sea last summer in a zone also claimed by Taiwan and in apparent challenge to Japan and South Korea. These two nations had created a joint development zone nearby in 1977, where U.S. and Japanese companies, including Nippon Oil, are drilling.

Model of Cooperation

Each of these cases offers insights into how China and Japan could work together to unlock the riches of the China seas and the continental shelf — with some Japanese seeing the Bohai Bay as the model for cooperation between the two nations.

"The important thing is that we have established a basis of confidence between Japan and China in oil exploration," said Makoto Inoue, president of Japan-China Oil Development.

To do this, the Japanese were generous with capital. All of the \$100 million to \$200 million exploration cost is being borne by the Japanese. Japan will pay, or finance 98 percent of the estimated \$1 billion needed to develop the fields, according to oil industry sources.

Moreover, Japan agreed to give China 52.5 percent of any oil produced. The standard breakdown under production-sharing agreements elsewhere is much less favorable to oil-producing nations, sometimes giving them only 25 percent of production.

The Bohai Bay is not expected

Competitive Clatter Growing Louder in Telegraph Business

By Andrew Pollack

New York Times Service

NEW YORK — In 1943, the telegraph business was divided into two camps. Western Union Telegraph Co. had a monopoly in the United States, and a handful of international carriers controlled the transmission of messages between the United States and other countries.

Since 1943, according to federal officials, both camps have shown little interest in cutting prices or introducing new services.

Now the staid business is entering a period of competitive turmoil. Last week, President Reagan signed a bill that is intended to stimulate competition, primarily by repealing the 1943 law and pitting one camp against the other. Western Union will be allowed to offer international service again, and the international carriers will be able to provide domestic service.

New Entries

"It's open season and that is good," said Charles D. Ferris, a former chairman of the Federal Communications Commission. "It's going to change the historic market shares very significantly."

And, adding to the commotion, MCI Communications Corp. said in December that it had agreed to buy one of the international carriers, WUI Inc., from Xerox Corp. Meanwhile, Curtis-Wright Corp. reported last month that it had increased its stake in Western Union to 6.5 percent and would consider trying to gain control.

The market the companies will be fighting for consists primarily of telex service, which has long since eclipsed telegrams as the main business of Western Union and the international carriers. Telex service is highly profitable, and millions of dollars are at stake.

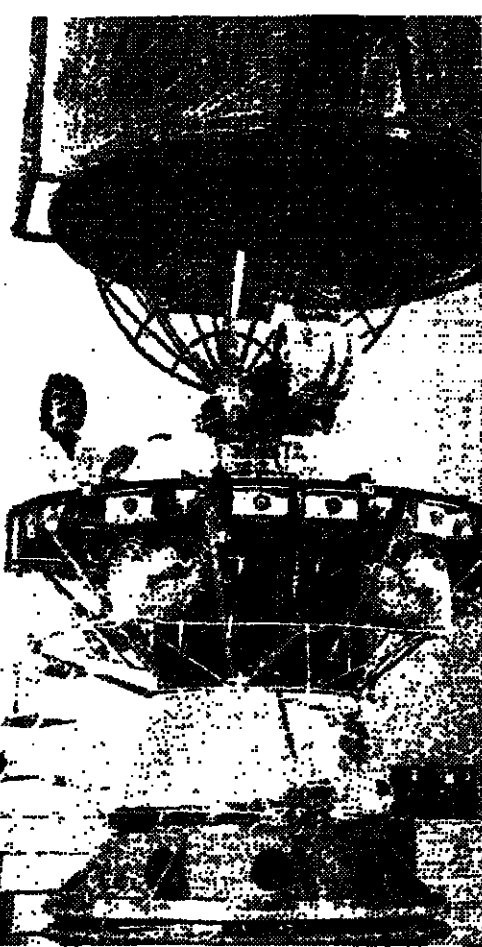
Telex is short for teletypewriter exchange service. It is like telephone service except that there are typewriters at either end of the line. The sender types a message, dials the receiver's number and transmits the message, which is printed out at the other end.

'Stop the Bleeding'

The new law appears to represent a victory for Western Union, which has lobbied extremely hard for it. Western Union had argued that it was in trouble because government decisions had already begun to erode its domestic business by allowing the international carriers to operate more freely in the United States. At the same time, its bid to expand into international business was thwarted by the courts.

"The first beneficial effect will be to stop the bleeding," Richard C. Hosteler, Western Union's executive vice president for law and corporate relations, said of the new law.

In addition, the overseas telex business is larger and faster-growing than the U.S. market because of language barriers, time differences and the low quality of some foreign telephone systems.



A worker adjusts solar drum before the launch of a Western Union communications satellite. A recent U.S. ruling has given the company the right to compete globally.

The overseas telex business generated revenues of \$323 million in 1980 and has been growing 10 to 20 percent a year, according to Federal Communications Commission estimates. The market is dominated by three companies — International Telephone & Telegraph Co., RCA Corp. and WUI. Two smaller companies, TRT Telecommunications Corp., a division of United Brands, and FTC Communications Inc., account for the rest of the business.

By contrast, Western Union's domestic telex revenues were \$296 million in 1980, 37 percent of total corporate revenue. Its telex business has been growing 4 to 12 percent annually. About one-quarter of those revenues came from handling the domestic leg of transmissions that were received from or bound for other countries.

Western Union could conceivably become a dominant player in the international market. It has about 140,000 subscribers in the United States compared with an estimated 30,000 for the five international carriers combined. The international carriers bitterly resisted allowing Western Union into their market, arguing that its dominance of the U.S. market would allow it to obtain

(Continued on Page 9, Col. 6)

Reagan Is Nearing Deadline On Thorny Issue of Tax Rise

By Edward Cowan

New York Times Service

WASHINGTON — In a few weeks, President Reagan must put the finishing touches to his budget for 1983. The spending decisions have been made. Still undecided is an issue that has been dividing the administration and bedeviling the president — whether to ask Congress for tax increases and, if so, which ones.

In his bones, Mr. Reagan is opposed to raising taxes, particularly so soon after cutting them. But this deep-seated belief notwithstanding, it is a good bet that before 1983 is out, he will sign into law legislation that raises taxes and government revenues in some way. If he does not, he has been told by the Office of Management and Budget, the government is likely to pile up annual budget deficits in excess of \$100 billion.

There are many ways Congress and the president can increase revenues. At one extreme, they could modify or delay the 10-percent tax cuts scheduled for July, 1982, and July, 1983, that were mandated by the August 1981 tax law — the "supply-side" cuts that Reagan began fighting for the moment he took office. A first round of that reduction, a 5-percent cut in withholding taxes on individuals, took effect Oct. 1.

Other major elements of the bill, including lowering of the maximum tax rate on individuals to 50 percent from 70 percent, took effect Friday.

Postponing the 1982 and 1983 cuts must be listed as an "extreme" option because it seems certain that the president would veto such a bill. But, as he observed in discussing his views on taxes in a Dec. 23 interview, he learned as governor of California "that putting your feet in concrete was dangerous." So, in a government plagued by unexpectedly large deficits, it is probably wise — as Mr. Reagan seemed to say — not to exclude anything.

Feb. 8 Deadline

Less extreme would be efforts to close some tax "loopholes," eliminate some of the tax breaks allowed various interest groups, raise excise taxes on such goods as alcohol and tobacco and impose a tax on natural gas if prices are decontrolled.

Whatever he decides, the president must make his choices well in advance of Feb. 8, when he is scheduled to give Congress his proposed budget for fiscal year 1983, which starts next Oct. 1. The president is expected to outline his budget themes in his State of the Union address on Jan. 26, one day after the opening of the second session of the 97th Congress.

When it comes to raising revenue, Washington is divided into es-

Handicapping the Race for Revenue

New York Times Service

This is how political handicappers rate entries in the maneuvering to raise taxes.

BEST BETS: Closing "loopholes" along the lines proposed by the president on Sept. 24. In the face of broad congressional opposition, however, the administration has backed away from its proposed repeal of one such tax break — the energy tax credits allowed households and businesses. Still on the list are special tax breaks allowed life insurance companies and military and other federal contractors. Other targets are lowering the income threshold for tax liability on unemployment insurance and tax-exempt industrial development bonds. Heavy lobbying by opponents of such efforts could make for a slow track.

GOOD BETS: A tax on decontrolled natural gas, as part of a decontrol bill, and increases in the excise taxes on tobacco, wine and hard liquor. Beer, the handicappers say, will escape as a concession to the working man.

FURTHER BACK: A moderate tax on imported crude oil, perhaps \$2 a barrel, or an increase to eight or nine cents from the current four-cent federal excise tax on a gallon of gasoline; also, treating as taxable income to employees the health insurance premiums that employers pay over some amount, possibly \$150 a month. The idea is to discourage total-coverage insurance and the high demand for health care services that is said to result from such coverage.

DARK HORSES: Curtailing the deductibility of interest on consumer installment credit, with a partial exception for automobiles, as a means to discourage borrowing and consumption and encourage saving; imposing withholding on payments to so-called independent contractors, such as real estate brokers and door-to-door sellers.

LEFT AT THE GATE: Canceling or postponing the 10-percent reductions in individual income taxes scheduled to take effect in July of this year and in July, 1983.

essentially four camps. The faction that has had the least to say is the House Democrats. A badly fractured majority, they have been letting the Republican White House and the Republican leadership of the Senate juggle the fiscal hot potato.

An Ally in Stockman

In the faction that has had the most to say are the advocates of raising revenue. They include the leader of the Republican majority in the Senate, Howard H. Baker Jr. of Tennessee, and the chairmen of the Finance and Budget committees, respectively Robert J. Dole of Kansas and Pete V. Domenici of New Mexico.

Their allies in the executive branch are David A. Stockman, the budget director; James A. Baker 3d, the White House chief of staff; and Murray L. Weidenbaum, the president's chief economic adviser. Supporting this faction is

Paul A. Volcker, the chairman of the Federal Reserve Board. Sen. Domenici and probably Sen. Dole would like to see the 1983 tax cut delayed by six months. The revenue gain in fiscal 1984 would be about \$9 billion.

A third faction contains the advocates of supply-side economics, led by Rep. Jack F. Kemp of New York, chairman of the House Republican Conference. They oppose any modification of the income tax cuts, which they would regard as a betrayal of their crusade for a radical approach to economic policy. Rep. Kemp has argued that any increase in revenues might "serve as justification for reduced effort in controlling spending." Rep. Kemp is allied with a band of sub-Cabinet officers in the Treasury, who have the ear of Secretary Donald T. Regan. Mr. Regan seems to be strongly opposed to modifying the income tax cuts but willing to sup-

(Continued on Page 9, Col. 1)

Eurobonds Set '81 Record Despite Volatile Interest Rates

By William Ellington

AP Wire Service

LONDON — Trading and new issue volume in the Eurobond market set records in 1981 despite unprecedented volatility of interest rates, which at times left investors and traders with hefty losses.

Rates for six-month dollar deposits in London started the year at around 17 percent. Often moving by more than a point a week, these rates fluctuated between 14.25 percent and 19.5 percent until a downturn started in September. By late November, interest levels declined to near 12 percent before finishing the year at just below 15 percent.

In the international dollar bond market, IBM World Trade Corp. raised funds at the lowest cost of the year with a \$200-million, seven-year issue in January at par bearing 12.50 percent. TransCanada Pipelines Ltd. paid the highest rate of the year with a \$75-million, seven-year issue in September at par bearing 17.75 percent.

Although long-term dollar interest rates reached record highs, the volume of new dollar-denominated Eurobond offerings swelled to \$26.7 billion in 1981, up from \$16.4 billion a year earlier, preliminary estimates of Morgan Guaranty Trust Co. show.

Adding Eurobonds denominated in other currencies, about \$35.5 billion worth of Eurobonds were floated in 1981, up 31 percent from 1980, according to Morgan Guaranty.

Based on incomplete data from the two Eurobond clearing systems, Euroclear and Cede, the par

value of Eurobonds settled through the systems reached about \$413 billion in 1981, a 69-percent increase from 1980. Most of the increase in turnover occurred in the second half of the year, when a major rally got under way. Turnover in the final quarter was nearly \$150 billion.

The Gray Market

The extraordinarily high turnover figures, which totaled more than three times the amount of Eurobond issues outstanding, appears to have resulted from several factors. Among them was the growing importance of trading in new issues between the time they are scheduled for offering and when they are priced or allocated to underwriters.

According to market specialists, this "gray market" trading exceeds the amount on offer, sometimes by two or more times. When these transactions are settled, the clearing volume figures are inflated accordingly.

For a while, syndicate managers tried to resist the practice of trading in offerings before they were allocated to underwriters because this practice also invariably meant that underwriting commissions were being passed on to investors in the form of a discount from issue price. However, the gray market has now become part of the distribution mechanism for Eurobonds.

As a result, Eurobond offerings are systematically priced to yield less than market yields on the day that the discounts offered by underwriters will bring the yields

back up in line with the market. In other words, the Eurobond market has adopted its own form of negotiated commissions, seemingly without much detriment to the underwriting community.

Another major development in the Eurobond market in 1981 was an increase in its links with the domestic U.S. bond market. In pricing offerings, underwriters of international dollar bonds pay as much attention to federal funds rates, U.S. money-supply data and U.S. Treasury yields as their domestic counterparts do.

Eurobond issues of European governments are often priced to yield a specific amount above yields of comparable U.S. Treasury issues rather than at a particular increment over outstanding Eurobonds.

CURRENCY RATES

Interbank exchange rates for Dec. 30-31, 1981, excluding bank service charges.

	\$	£	DM	FF	Y	Sc	S	DK
Frankfurt	2.2825	4.214	1.947	1.8115	11.15	5.853	10.339	36.75
London (3)	1.7148	—	4.3025	10.5385	2.2724	4.7772	72.78	13.999
Amster	1.3625	2.2825	32.08	29.85	—	88.50	31.145	49.80
Zurich	1.25	3.441	79.95	31.485	0.1492	72.685	4.8114	34.503
ECU	1.3625	0.8445	2.4235	4.2015	1.3057	2.85	4.7467	1.916

	\$	£	DM	FF	Y	Sc	S	DK
1.7277	Australia \$	0.6725	0.6440	Israeli shekel	15.50	0.696	Singapore \$	2.0425
0.6635	Austrian schilling	15.74	0.004	Japanese yen	219.20	0.004	S. African rand	N.A.
1.3625	Belgian franc	N.A.	1.501	Kuwaiti dinar	0.2916	0.014	S. Korean won	69.10
0.4435	Canadian \$	1.3855	0.6457	Malay. ringgit	2.3435	0.014	Swedish krona	76.50
0.2364	Danish krone	7.21	0.1776	Mex. peso	548	0.0774	Swiss franc	5.27
0.2294	Finnish mark	4.94	0.1725	Norw. krone	6.172	0.0565	Taiwan \$	27.79
0.0775	French franc	57.30	0.0753	Port. escudo	65.349	0.0445	Thai baht	21.555
0.1761	West German \$	5.6775	N.A.	Small unit	N.A.	N.A.	U.S. dollar	N.A.
1.274	Irish £	0.4333	1.254	S. Korean	6.879	—	—	—

(a) Sterling: 1.2713 Irish £.
(b) Commercial franc. (c) Amounts needed to buy one pound. (*) Units of 100. (x) Units of 1,000.

also has a speed advantage over the domestic market in that issues can be floated within 48 hours in Europe, whereas registration formalities and other procedures in the U.S. can result in long delays. This speed advantage becomes crucial when interest rates are as volatile as they were in 1981.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$600,000,000 International Bank for Reconstruction and Development

\$250,000,000 14½% Five Year Notes of 1981, due December 15, 1986

\$250,000,000 15% Seven Year Notes of 1981, due December 15, 1988

\$100,000,000 15½% Ten Year Notes of 1981, due December 15, 1991

Interest payable June 15 and December 15

MORGAN STANLEY & CO.

THE FIRST BOSTON CORPORATION

SALOMON BROTHERS INC.

GOLDMAN, SACHS & CO.

MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP

ATLANTIC CAPITAL

BACHE HALSEY STUART SHIELDS

BASLE SECURITIES CORPORATION

BEAR, STEARNS & CO.

BLYTH EASTMAN PAINE WEBBER

DILLON, READ & CO. INC.

DONALDSON, LUFKIN & JENNETTE

DREXEL BURNHAM LAMBERT

E.F. HUTTON & COMPANY INC.

KIDDER, PEABODY & CO.

LAZARD FRERES & CO.

LEHMAN BROTHERS Kuhn Loeb

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

SHEARSON AMERICAN EXPRESS INC.

SMITH BARNEY, HARRIS UPHAM & CO.

UBS SECURITIES INC.

WARBURG PARIBAS BECKER

WERTHEIM & CO., INC.

DEAN WITTER REYNOLDS INC.

December 24, 1981

These securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

DECEMBER, 1981



Asian Development Bank

Kuwaiti Dinars 15,000,000

10 per cent. Bonds of 1981/1991

Kuwait Investment Company (S.A.K.)

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Kuwait International Investment Co. s.a.k.

NYSE Nationwide Trading in 1981

(Continued on Page 10)

Slide-Rule Firm Figured Wrong in Forecast

By Kirk Johnson
New York Times Service

NEW YORK — In 1967, Keuffel & Esser, a scientific instrument manufacturer then located in Hoboken, N.J., was commissioned to make a study of the future.

The company's report, "Life in the Year 2067," which was compiled on the basis of interviews with scientists, said people would live in domed cities and watch three-dimensional television. It predicted computerized traffic lanes and electric autos. It did not, however, predict that within five years the company's most famous product would be all but obsolete. Keuffel & Esser was the largest U.S. producer of slide rules.

"Nobody really foresaw the cheap calculator," said John J. Montesi, customer service supervisor at K&E.

When the unforeseen became reality in the early 1970s, recalled John J. Heath, customer service manager at Sterling Plastics, one of K&E's competitors, "it was a downhill slide."

Mr. Heath's company, based in Mountain-

side, N.J., was also probably the last U.S. producer of the basic trigonometric slide calculator, ceasing production in December, 1980, a year in which the company sold "maybe a couple thousand dozen."

"Those last couple years we just carried on as a nice gesture," Mr. Heath said.

Sterling's leading product then was an \$11.79 plastic slide rule. It was the kind that came in its own little leatherette scabbard that you could wear on your belt. In 1964-65, Sterling's biggest year, more than a million of them were sold; it made up almost 20 percent of the company's business. Fortunately, Mr. Heath said, Sterling was able to develop a desk accessory line during the slide rule's decline that, he said, "more than compensated" for the subsequent fall in income.

"We were into the college and high school market," Mr. Heath said. "You got a K&E slide rule when you really became an architect."

Indeed, in slide rules, Keuffel & Esser was in another league altogether. It was the first importer, beginning in the late 1880s, and the first U.S. producer as well, beginning in

1891. Its machined, mahogany, inlaid slide rule (consistently costing about \$40 since the 1950s) was sold mostly to professionals and scientists.

According to Mr. Montesi, at K&E slide rule sales never contributed more than about 10 to 15 percent of income, even though they were peaked in the late 1950s at about 20,000 a month. With the advent of the calculator, "the business we lost was just lost," Mr. Montesi said. "We were never fully compensated."

Nevertheless, the company earned \$3.7 million on its surveying and architectural instrument sales last year, which was apparently enough to attract interest. Two weeks ago, two-thirds of K&E's stock was purchased, at \$31 a share, by Kratos Inc., a La Jolla, Calif.-based maker of analytic devices, aircraft instruments and computer display equipment.

The company still has about 2,300 slide rules in stock, although it ceased production in the early 1970s. "Now we sell about 200 of them a year, tops," Mr. Montesi said.

Reagan Near Deadline on Tax Action

(Continued from Page 7)

port excise taxes if that is the way the president wants to go.

The fourth faction is the president. He has listened to the debate among his advisers with what seems to outsiders like Olympian detachment, punctuated occasionally by reminders to his lieutenants and the public that he believes in less government and would hate to raise taxes.

Intense Lobbying

Several statements by President Reagan and his advisers lend currency to the belief in Washington that the president would go along with a levy on natural gas plus some other revenue measures, perhaps \$30 billion in all in fiscal year 1984. But he is not committed to the new taxes and could startle Washington by deciding, as Mr. Stockman and some others would like, to trim the military budget.

Quietly but intensively, lobbyists have been trying since Sept. 24 to shoot down the administration's handful of proposals for tightening existing tax law. Officials report that the lobbyists have been successful in one respect: the proposal to repeal the 10-percent energy tax credits allowed businesses and homeowners for energy-saving investments is dead.

The one loophole-closing item that would affect individuals directly is the proposal to tighten taxation of unemployment insurance. In 1978, with surprisingly little fuss, Congress adopted a complex provision that, with qualifications, made jobless benefits taxable income for individuals with total income of \$20,000 and couples with \$25,000. The administration would like to lower the threshold to \$15,000, with no bonus for couples.

Dole Proposal

Letting benefits above that level go tax-free "acts as a disincentive to go back to work," a Treasury official said. The additional revenue gained might be \$500 million a year. Organized labor is opposed.

Sen. Dole's proposals to double the federal excises on all alcoholic beverages would raise \$3.5 billion a year. Doubling the tobacco levy would produce \$1.8 billion. Adding four cents to the current four-cent tax on gasoline would yield \$2.3 billion, according to congressional analysts.

Transportation Secretary Drew Lewis has been campaigning for an increase in the gasoline levy. He wants the proceeds earmarked for highways and mass transit. Such a link is rejected by the budget office and the Treasury Department, but they might like the revenue — if the president does.

There is also speculation that the current 2-percent levy on interstate telephone calls could be doubled, with a yield of \$1.5 billion.

A temporary tax on natural gas is an odds-on favorite for several reasons. Administration officials have said that apart from the in-



Rep. Jack F. Kemp
Opposes change in tax program

come tax, only an energy levy can raise "big bucks." The revenue from a gas levy might be \$10 billion to \$20 billion a year, depending on its terms. In addition, decontrol of prices would mean larger incomes, profits and tax payments for producers and royalty owners.

Finally, President Reagan can make a face-saving argument about this increase in taxes. Without it, he has been told by Sen. Baker and by House Republicans, the proponents of faster gas decontrol cannot muster a congressional majority. Mr. Reagan is expected to argue that the tax is the price of a greater good, decontrol as a step toward energy self-sufficiency.

A companion proposal might be a levy on imported crude oil, so that the burden does not fall on natural gas users alone. A levy of \$2 on a 42-gallon barrel would add about five cents to the cost of a gallon of gasoline, diesel fuel and heating oil and produce revenue of \$3.5 billion.

One revenue-raising proposal often discussed but definitely not going anywhere is curtailing deductions for home mortgage interest. The Senate voted, 85 to 0, on Dec. 7 for a "sense of the Senate" resolution, which is not legislation, to retain the current, unlimited deduction.

China, Japan Intensify Hunt For Offshore Oil Reserves

(Continued from Page 7)

to produce vast amounts of oil. Some experts believe that reserves there amount to 1 billion barrels, a small fraction of China's probable offshore reserves. But the production-sharing agreement could be a model for contracts for other areas, notably in the South China Sea and the Yellow Sea. British Petroleum and Total, the French company, already are drilling in the latter.

China, after accepting bids from the companies for the South China Sea, is expected to award concessions by late 1982. Oil executives said. The companies include Exxon, Mobil, Texaco, Phillips and JNOC, making a first bid for a foreign concession.

A Japanese executive close to Exxon and Mobil said China is likely to want to have production-sharing agreements similar to the one in Bohai Bay with the companies.

Looking ahead, the continental shelf between Japan and China is considered to be by far the richest offshore area. But plans for developing this region are hampered by territorial disputes — with rival claims by China, Japan, Taiwan and the two Koreas.

The Chinese argue that the continental shelf, which extends close to Japan and its Ryukyu Islands, is a "natural prolongation" of the mainland, belonging to China. The Japanese maintain that a median line, which they have not defined, should be drawn between the two countries.

Mr. Harrison said that China and Japan engaged in "secret preliminary negotiations, contacts and feelers" to identify some of the basic problems in working out an agreement. Shobei Naito, a Japanese foreign ministry spokesman, said that China and Japan held a meeting in Peking in 1980, "the first meeting of its type" where the continental shelf question was raised.

He added, "We are open-minded for negotiations with China."

Meanwhile, apparently to reinforce its claim to the continental shelf, China announced Aug. 20 that it was conducting a "wide-ranging maritime survey" there. Three days later it announced its first drilling in the heart of the shelf.

The drilling is close to the joint Japan-South Korea Development Zone, which was established under a treaty ratified by Japan's Diet in 1977. Peking said the treaty "violated China's sovereignty."

The drilling site also is located in the northernmost of several concessions offered to U.S. oil companies by Taiwan in the early 1970s. "It's an extremely significant strategic point," said Mr. Harrison. "The Chinese have chosen to remind everyone with this well there's a need to resolve the question of title in these areas. It's also a rejection of Taiwan's right to have the concession."

To complicate the issue, both Japan and China claim the Senkaku Islands, small uninhabited islands north of Taiwan.

One way for China and Japan to solve their problem in the East China Sea — forgetting for the moment Taiwan's claims — would be to set up their own joint development zone. Whatever they do, the question is likely to be addressed before many years as Japan's need to diversify oil sources is great and China's need for foreign currency through oil exports is also pressing.

"About 100 percent, correctly speaking 99.7 percent to 99.8 percent, of Japan's oil supply is imported and 75 percent comes from the Persian Gulf," according to Toyooki Ikuta, president of the Institute of Energy Economics here.

"So if oil exports from the Persian Gulf stop, Japan will lose almost 60 percent of its total primary energy supply," he said, "quite enough to throw Japan's economy into chaos."

Japanese experts have been saying similar things for years, but a new worldwide trend to explore offshore oil resources may give Japan a chance to act on such warnings.

'Strong Drive'

"The continental shelves of the world have just been scratched so far," said John P. Laborde, chairman of Tidewater Inc., on a recent visit here.

"There's a strong drive for countries and national oil companies to play their card, to drill offshore, to see if they've got oil and gas out there, to see if they can become self-sufficient," he said.

Private Enterprise Stressed in U.S. Aid Study

New York Times Service

NEW YORK — A foreign-aid study by the Treasury Department calls for greater promotion of private enterprise in Third World countries and recommends as a model the work of the International Finance Corp., an agency of the World Bank.

The study, "An Assessment of United States Participation in Multilateral Development Banks in the 1980s," is to be made public soon.

Treasury officials said its purpose was to evaluate commitments made by the Carter administration to the World Bank, the Asian and African Development Banks and the Inter-American Bank. The study endorses those commitments, totaling about \$13 billion over six years, and the officials said they hoped the study would help persuade Congress to appropriate the full amount.

The practices of the International Finance Corp. that the study praised differ in one key respect from those of the rest of the World Bank and other development agencies that lend money at low interest rates for projects in developing countries. The corporation generally buys shares in the Third World companies it helps create. Last year, it provided \$1.6 billion in investments and loans to 314 companies in 71 developing countries.

Support Needed

The study, begun by Beryl W. Sprinkel, undersecretary of the Treasury for monetary affairs, also recommends that development banks seek changes in the economic policies of borrowing countries and that development banks phase out loans to borrowers no longer in severe need.

Treasury officials said the support of other major contributors to the international development banks would be needed for these recommendations to be put into effect. Voting in the banks is proportional to monetary contributions.

President Reagan has endorsed the approach of the agency. He told the World Affairs Council in Philadelphia, "We want to enhance the International Finance Corporation activities, which foster private-sector debt and equity

financing of investments in the developing countries."

In July, the State Department's Agency for International Development created a Bureau for Private Enterprise. The bureau, which will try to increase foreign aid and investment through the private sector, "is developing a close working relationship with the IFC," according to M. Peter McPherson, the head of AID.

Takes Shareholding

The International Finance Corp., which is responsible for identifying, partly financing and overseeing private ventures, has 119 member nations, 98 of which are developing countries. The United States contributes more than 30 percent of the capital and

is the largest single contributor. In the fiscal year that ended June 30, the U.S. share was \$124 million.

In its 25-year history, the agency has given and lent money to nearly 600 ventures, most of them in manufacturing, mining, tourism and agriculture. If companies make steady profits, the International Finance Corp. sells its share to local stockholders.

Critics say the corporation is a tiny agency that does not invest in projects risky enough to justify its reputation as the venture capital arm of the World Bank.

"The IFC can't find its place in the spectrum of world institutions," said Raymond Vernon, professor of international affairs at Harvard University, "because in-

vestments good enough for the IFC are usually good enough to go through private channels."

Agency officials concede that their activities are overshadowed by other agencies of the World Bank, noting that it has provided \$4.1 billion in loans and investments compared with \$92.2 billion provided by the rest of the World Bank. But they say they are pleased by what they perceive as the new "sympathetic environment" in Washington and among Third World countries that are traditionally hostile to capitalism.

The corporation, officials said, handles projects that it believes have good prospects of profitability but that, for political or other reasons, have difficulty attracting private financing.

Competition Heats Up in Telegraph Field

(Continued from Page 7)

the majority of outbound international traffic as well.

But several factors may prevent that from happening. Western Union will not be able to begin service for seven months at the earliest. That delay should give the international carriers time to recruit customers.

In addition, Western Union must reach agreements with foreign carriers, which are usually the national postal authorities. Some smaller carriers that have tried to enter the international business have found the foreign governments reluctant to increase the number of U.S. carriers with which they do business. However, Western Union's international name is such that it might not have that problem.

The international carriers ended up reluctantly supporting the new law, because it requires Western Union to connect its network with the international carriers' networks. The international carriers will be able to offer their customers the ability to reach all of Western Union's existing customers.

"We view it as an opportunity to enter a new market," said George F. Knapp, chairman of ITT World Communications and vice president of its parent company, ITT. "The United States market has been totally dominated by West-

ern Union, a monopoly that has failed to be innovative in providing business services."

Western Union says the same thing about ITT and the other international carriers. The two sides have dogged each other in numerous legal battles through the years. "It's the most litigious group of companies I've ever seen," said David Leach, a member of the staff of the House Subcommittee on Telecommunications, Consumer Protection and Finance, who worked on the bill. "They don't compete in the marketplace. They compete in the FCC, the courts and the Congress."

FCC Scrutiny

It is possible both sides are right about the other.

Government officials have called the international carriers a cartel. An FCC staff audit in 1979 discovered the international carriers were earning pretax profits of between 35 and 58 percent on their telex service. The commission is now investigating ITT's rate of return more thoroughly.

Meanwhile, even as competition gears up, telex itself is falling behind the times. With more and more documents being typed on computer screens rather than on paper, there is a growing demand to transfer them electronically to other screens.

Computer-to-computer net-

works such as Tymnet, Telenet and the American Telephone & Telegraph Co.'s proposed Advanced Communications Service link all kinds of computer terminals. Facsimile is another alternative. The fate of the telex companies depends on how quickly they can expand and upgrade their services to compete with or to interconnect with the newer forms of transmission.

"The biggest threat does not come from other players in that market, but from other services," said Davis A. Foulger, editor of Electronic Mail & Message Systems, an industry newsletter. Mr. Foulger said that in 1979, data and text communications using telephone lines amounted to about \$4 billion, compared with slightly more than \$400 million for telex, telegrams and Western Union's Mailgram combined.

The repeal of the 1943 restrictions, Mr. Knapp noted, "may really be confirmation of the fact that the industry has already been restructured." He said, "The customers restructured us."

14 Die in Colombia Floods

Reuters

BOGOTA — Fourteen persons have died and scores have been reported missing in flooding in southwest Colombia, local authorities said during the weekend.

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December 23, 1981

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Consolidated Trading Of AMEX Listings

Week Ended Dec. 31, 1981

	Sales	High	Low	Last	Chge
Howdy	847,500	20 1/2	19 1/2	19 1/2	-1/2
Yubama	755,000	27 1/2	26 1/2	26 1/2	-1/2
Int'l En	528,000	24 1/2	23 1/2	23 1/2	-1/2
Dorset	523,000	12 1/2	12 1/2	12 1/2	0
Supran	508,000	20 1/2	20 1/2	20 1/2	+1/2
Remor	452,000	17 1/2	17 1/2	17 1/2	0
Carle	398,000	14 1/2	13 1/2	13 1/2	-1/2
Ally	2	2 1/2	2 1/2	2 1/2	+1/2
WampB	280,500	33 1/2	32 1/2	33 1/2	+1/2
MCO Md	297,700	16 1/2	16 1/2	16 1/2	-1/2

Sales (thd)	PE	High	Low	Last	Net Chg.	Pct. Chg.
100	10	12	8	10	0	0
200	20	25	15	20	0	0
300	30	35	25	30	0	0
400	40	45	35	40	0	0
500	50	55	45	50	0	0
600	60	65	55	60	0	0
700	70	75	65	70	0	0
800	80	85	75	80	0	0
900	90	95	85	90	0	0
1000	100	105	95	100	0	0

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Clemson's Victory in Orange Bowl Restores Respect for ACC Football

By Earl Gustky

Los Angeles Times Service

MIAMI — The way Clemson University's national championship football team looks at it, the Atlantic Coast Conference has become a football conference.

After they had played a whole lot of defense and just enough offense to beat Nebraska Friday night in the Orange Bowl, 22-15, it was not the standard "We're No. 1!" chant that was heard from Clemson's players as they marched jubilantly to their locker room.

Instead, it was: "ACC! ACC! ACC!"

Moments later, Danny Ford, the Tigers' 33-year-old head coach, underscored that theme. "I think what you'll see tonight was the Atlantic Coast Conference becoming a football conference," he said. "It was the ACC's first national championship since 1953, when Maryland won it."

Rival Coach Impressed

One who appeared convinced of Clemson's claim was Nebraska's coach, Tom Osborne.

"They had by far the best defense played against all night," he said quietly, in the hot, humid and unhappy Cornhusker locker room.

"It wasn't anything Clemson did to us that we didn't expect; they just stopped us almost all night long. They only had one turnover; they kept awfully good care of the ball. It seemed like every time we had the ball we had to go 70 or 80 yards to score. And against a defense like they've got, that's a tall order."

It was, in the end, indeed a crusher for Nebraska. With Georgia and Alabama, the second- and third-ranked teams, both losing Friday, Nebraska would have had an arguable case for the No. 1 spot by beating Clemson.

Clemson's field-goal kicker David Igwebiuke, a 5-8 freshman soccer player from Nigeria, scored from 41, 37 and 36 yards.

After Igwebiuke's third field

goal made it 22-7 with 2:36 left in the third quarter, Clemson partisans began celebrating as if the national championship was in hand. Not quite.

On its next possession, Clemson had its worst series of the night, getting one first down but having to punt after quarterback Homer Jordan missed badly on two straight passes.

And while Clemson hit that soft spot, Nebraska had its brightest moments. Quarterback Mark Maurer, starting at his 31, directed a touchdown drive that was spearheaded by back Mike Rozier. He began finding gaps in Clemson's line that had not been there for three quarters.

Davis Saves Victory

Ripping off gains of 8, 9, 8 and 12 yards, Rozier had Nebraska at Clemson's 26 with 9:15 to go. Maurer gave it to Roger Craig, who ran through three tackles on a 26-yard touchdown run around Clemson's right side. A two-point conversion — by Craig — produced what would be the final, 22-15.

Clemson hit rock bottom on its next series. Tailback Chuck McSwain gained a yard, a Jordan pass was badly underthrown and Nebraska's Jimmy Williams dumped Jordan for no gain. Now, Clemson had to punt to a Cornhusker team that was finally moving.

But on Nebraska's next series, all-America linebacker Jeff Davis, the ACC's player of the year, probably made the game-deciding defensive plays.

First, he ran down Rozier on a pitchout at Nebraska's 37 on first down. On the next play, Davis again stopped Rozier after he had gained 6 yards. Then, on a critical third-and-four, a Maurer pitch to Craig was bobbled, Craig fell on it and was hit for a loss of three.

Only 5:24 remained at that point and, after they punted, the Cornhuskers never had another chance. The Tigers ran off 10 consecutive running plays, ran the clock down to :06 before giving

Nebraska one last dying gasp — a game-ending long pass by Maurer that was knocked down.

In the first half, Nebraska looked like anything but a Big Eight champion. The Huskers scored the second time they had the ball but committed major penalties and set up two Clemson scores with fumbles.

Under Investigation

And so the Tigers, who achieved an unbeaten (12-0) season under the cloud of an NCAA investigation into alleged recruiting infractions, reached the pinnacle of college football.

With the Clemson band launching into another deafening "Hold That Tiger!" stanza, Ford shouted defiantly into the microphone and said: "We went out there twelve times this season and beat all them folks. Ain't no one else in America who can say that!"

MacArthur Bowl Winners

NEW ORLEANS (UPI) — Top-ranked Clemson, the nation's only undefeated and untied major college football team, has been awarded the 1981 MacArthur Bowl. Hall of Fame officials announced Sunday.

Bengals, Chargers in AFC Final; Cowboys Romp

From Agency Dispatches

CINCINNATI — The Cincinnati Bengals, using the all-pro passing combination of Ken Anderson to rookie Cris Collinsworth for a tie-breaking 16-yard touchdown, posted the first playoff victory in their 14-year history Sunday and advanced to the American Conference title game with a 28-21 triumph over Buffalo here. Anderson hit 14 of 21 passes for 192 yards against the AFC's No. 1 pass defense.

The Bengals, who had lost in their three previous postseason appearances, will face San Diego here next Sunday for a berth in Jan. 24's Super Bowl XVI.

The Bengals took a 14-0 lead after one quarter but needed Anderson's passing in the final period to down the Bills — who were playing their fifth straight road game.

Charles Alexander had two scoring runs and fullback Pete Johnson

added a one-yard TD for the winners, while running back Joe Cribbs scored on runs of one and 44 yards for the Bills.

After Buffalo tied the score at 21 on quarterback Joe Ferguson's scoring pass to Jerry Butler on the first play of the fourth period, Anderson directed a 78-yard scoring drive that ended with Anderson hitting Collinsworth over the middle for a 16-yard touchdown.

The Bills' final comeback attempt was stymied by a bizarre mistake. On fourth-and-three at

the Cincinnati 20 with 2:58 to play, Buffalo called time-out, and Ferguson hit Lou Piccone for an apparent first down — which was nullified on a delay-of-game penalty. Ferguson then overthrew Roland Hooks in the end zone.

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The Cincinnati 20 with 2:58 to play, Buffalo called time

Language

The Disappearing \$

By William Safire

NEW YORK — Have you noticed the way dollar signs have been disappearing lately? As the money supply goes up, the dollar sign supply goes down.

Flip through the pages of the New York Times and look at the retail advertisements. More and more stores are dispensing with dollar signs.

"Pure cashmere, pure luxury by Ciano," advertises Lord & Taylor, concluding with "Reg. 240.00, 167.99."

And this from Bonwit Teller, advertising Bogatin blouses: "Jewel-necked, puffed at the shoulders — 70.00."

To overcome the chafing of jewels on the neck, Blumengarten's offers Max Factor's "Living Proof Skin Nourishing Concentrate, 9 vials, 35.00."



Safire

On the other hand, retailers from Cartier and Macy's use dollar signs in their ads, resisting the tide. What's going on?

"People know what we're talking about without the dollar sign," says Eleanor Klossky at Blumengarten's. "Besides, once you use it in an ad, you have to use it every time a price appears, and then you'd have dollar signs all over the place."

Visual Decision

Bonwit Teller agrees with the practice, but for a different reason: "Ours was a visual decision not to use the dollar sign," says Grace Perez. "It is easier to see the prices without the dollar sign."

B. Altman has another reason: "We do not use dollar signs in our ads because the typeface that we use has fat and ugly dollar signs," says Mary Irish. "Rather than destroy the looks of the ad, we simply don't use the sign. There is nothing pretentious about it."

"I suspect the elimination of the dollar sign is guided by an ill-advised sense of 'elegance,'" writes Claudio Campuzano, of New York City, "the same sense of 'elegance' that leads to the present use of so many euphemisms."

Pushy Emblem

The stores which do use the crass, noisy, pushy emblem that signifies they sell goods for (ugh) money strike no poses of truth-in-

labeling or assertiveness in the marketplace. On the contrary, Saks Fifth Avenue's Elaine Garofalo says, "Saks uses the small dollar sign because that is the typeface we have. There are no psychological implications." And Lady West of Wallachs illustrates the practicality of that company's choice: "It is our policy to use the dollar sign when we have an even-numbered item — that is, instead of the decimal point and following zeros. When there is a price with cents following the decimal point, then we do not use the dollar sign."

At Brooks Brothers, Mildred Schlesinger sounds like Brooks Brothers: "We use the dollar sign because we do everything the traditional way."

What does this split decision on dollar signs signify? Is it a space-age space-saver or an opulent-era op-out? I think Campuzano has a point. The absence of the dollar sign is a little la-dé-dé. It should not be so costly to a store's prestige to proclaim the cost of its wares, and it might even tell the international traveler something he needs to know.

Cloaked in Controversy

The dollar sign itself, now derided as fat and ugly by the unforgiving Mary Irish of Altman's, has its origin cloaked in controversy. A prevailing belief is that the sign is derived from a "U" superimposed on an "S," with the bottom of the "U" worn off by time. This is almost surely wrong. So is the notion that it was invented by Thomas Jefferson when he proposed the dollar as the U.S. unit of money.

One theory holds that it comes from an abbreviation of the peso. A more intriguing theory suggests that the "pillars of Hercules," symbols of strength and power, which appeared on ancient Tyrian coins, are the source of the sign. These pillars, entwined by a scroll, reappeared on Spanish "pieces of eight" and later became the symbol for both the peso and the dollar.

I think it is a graceful symbol, with ancient roots and a mysterious history, as beautiful and significant as anything else that appears in a retail ad. Besides, it helps the reader to know that the number the advertiser is whispering isn't the amount of zlotys that the purchaser is expected to pay.

New York Times Service

"And it will always be there. As someone once said, that long, sad, unfortunate island will be there after the last Indian and after the last African and after the last American and after the last of the Cubans, surviving all disasters, eternally washed over by the Gulf Stream: beautiful and green, undying, eternal."

— View of Dawn in the Tropics, G. Cabrera Infante

By Charles Greenfield

LONDON — During a lecture in Miami on "Writing in Exile" given by Guillermo Cabrera Infante, Cuba's foremost novelist and critic-in-exile, an earnest young man asked whether it was possible to write serious books outside one's native land.

"One never writes in Miami, London, in Paris, nor any city, much less any country, for that matter," Cabrera Infante replied. "One writes in a room, away from noise, in a chair, with a pen or a typewriter and a white paper that must be filled before the next one is started. It's like love in the intimacy of one's solitude, without worrying who to reach or who will read you."

A youthful 52, with long, graying hair, a well-manicured goatee and small, round glasses, Cabrera Infante, for nearly 20 years has been one of the most lucid, outspoken observers of the Cuban revolution, charting its erratic dips and turns with an unflattering accuracy.

Banished in 1965

"I consider myself like a whore who got married and is now a respectable lady," he said in an interview a few days after the conference, just before returning to London, his home since he was banished from Cuba in 1965. He was referring to his support of the revolution in the early days, his hiding guns and explosives in his Havana house and editing the influential and controversial magazine, *Luces de Revolución*, which was later suppressed by the government.

"I was really born into a Communist household," he says. "My father was active in the early '30s against the dictator Machado, and later on became one of the founders of the Cuban Communist Party in my hometown" (Gibara, in Oriente province, the easternmost region of Cuba). His mother was a Catholic and a dedicated member of the party.

Writer in Exile

Guillermo Cabrera Infante Observes Cuba From His London Retreat

"I can still see our living room in Havana," he says, "where she had hung a painting of Jesus bleeding on the cross with an enormous portrait of 'Bloody Joseph,' that is, Stalin, right next to it. It was a very complicated place to grow up in."

Havana is the obsessive subject, if not the main character, of his writing. "First of all it was the biggest impression of my life," he said. "Even as a boy I never cared much for nature with its trees and beautiful scenery. So Havana became for me 'The City as the Great Adventure.' And although I explored it and tried to conquer it, I always failed. Perhaps in desperation I then turned to literature."

In the early 1950s, Cabrera Infante wrote short stories and parodies of Latin-American writers and spent some time in jail on charges of obscenity for a story in which one of the characters, an American, uttered a few four-letter words in English.

With Batista's overthrow, Cabrera Infante, like many young Cuban writers, embraced the new regime — only to fall from grace soon afterwards for his involvement with *Luces de Revolución*. Sent off to Brussels as a cultural attaché (a post he describes as "more remote than if he had sent me to manage a hydroelectric plant in Siberia"), he returned to Havana in 1961 and was treated as a nonperson with no means of support.

Exile in Cuba

"I lived off my wife's salary then," he says. "I used to say I was the first pimp of Socialist Cuba. It was very dangerous to write in Cuba. There was an extraordinary self-censorship, so the official one was practically unnecessary."

Of that uncertain period, Cabrera Infante once said: "My solitude and my being distant-in-one-place, my estrangement, gained me the rare privilege of looking at my own country and not recognizing it. Or of getting to know it in its new role. Of seeing that it was not only impoverished but peopled with unwholesome zombies, suffering their new mis-

ery in silence: a loquacious race who were being forced to become laconic."

He left Cuba, publishing in 1967 his acclaimed novel of exuberant, madcap humor, "Tres Tristes Tigres" (Three Trapped Tigers), whose title, Cabrera Infante insists, is no more than an alliterative tongue twister. The book, which avoids all reference to Castro's Cuba and its socialist realism, depicts with vengeful nostalgia the decadent, bacchanalian night life of Batista's Havana during the 1940s and '50s. The book starts off at the "Tropical Club in the MOST fabulous nightclub in the WORLD" and details strip joints, cabarets, sleazy jazz cellars and *chocottes*, popular bars where people sang and danced.

Linguistic Assault

Its main characters — would-be artists, photographers, bongo players and assorted pseudo-intellectuals — wander the city streets and keep up a steady linguistic assault on the Spanish language with puns, jokes, anagrams, palindromes and parodies of Cuban writers.

The book, which begins in the 1940s, was unlike any other to describe the movement of time. "It's not really a book about a given period or region. It's about nostalgia. . . . My characters — if characters at all — are more like a gallery of voices," says Cabrera Infante, who acknowledges his debt to "The Satyricon," "Don Quixote," "Ulysses," "Tristram Shandy" and Lewis Carroll.

"The reason why my novel still holds up is that it takes language as its main theme," he said. "The subject matter doesn't really matter. 'T.T.' is about language and languages — forms of eternity — so that the book remains contemporary as it's being read."

"I believe in the virtue of rewriting, not just correcting, but taking the text as a palimpsest, scratching it and writing over it and at the same time revealing what is under it. The second edition of 'T.T.' was completely different, and that's the one I used for translation."



Cuban author charts erratic turns of Castro's revolution.

His latest novel, "La Habana para un Infante Difunto" (to appear in English as "Infante's Inferno"), traces the sexual education of a young Havana boy to manhood in a straightforward, linear fashion.

"I'm not the protagonist. The 'I' of the novel is not the writer, Cabrera Infante. The narrator is a student who is always learning through trial and error."

Writers and Politics

As for writers getting involved in politics, a common habit in Latin America, Cabrera Infante remains skeptical at best: "In Cuba, heroes have a tendency to become martyrs in direct proportion to their becoming traitors. José Martí, perhaps our greatest hero, was destroyed as a poet and writer when he took up politics. But his prose work, despite its florid side, was tightly in control. It has the metal quality of platinum and the fluidity of mercury."

Like Martí, Cabrera Infante has used exile not only as a base for survival, but as a means for forging his most powerful weapon: the written word. "If I had not been pushed into exile, I would have been the director of a magazine in Havana, something similar to Playboy," he jokes.

"I think that exile has made my work better. Proud that very well in not returning to Combray because he would have lost the time he was finding in his writing. I have not been able to return to Cuba, so I had to invent a Havana for myself, out of words, which has been a celebration!"

Archaeology

Chinese Anchor Puzzle

By Frederick M. Winship

NEW YORK — Anchor stones found off the coast of California were not dropped there by ships carrying explorers from China years before Columbus discovered America but were lost by Chinese fishermen living in California less than 100 years ago, according to a California historian.

Frank J. Frost said in an article in *Archaeology* magazine that pined stones found in 12 to 25 feet of water off Palos Verdes peninsula south of Los Angeles in 1975 "are almost certainly Monterey shale, one of the most common coastal formations in southern California."

Frost, who is professor of the history of seafaring at the University of California, Santa Barbara, said the origin of the stone anchors was ascertained by tests conducted by the university's geology department in 1980. The finding was contrary to a claim made by James R. Moriarty III, an anthropologist at the University of San Diego, and a colleague, Larry J. Pierson, in an article published in the *Anthropological Journal of Canada* two years ago.

In the article, entitled "Stone Anchors: Asiatic Shipwrecks Off the California Coast," Moriarty and Pierson said geological studies showed the stones were not of California origin and cited this as evidence that "Asiatic vessels reached the New World in pre-Columbian times." They noted previous finds, such as carbon steel blades on the Washington coast and Japanese-style pottery in Ecuador.

William Clewlow, formerly with the University of California, Los Angeles, Institute of Archaeology, supported Moriarty and Pierson's conclusion, adding that many archaeologists believe in long and continuous contact between Asia and America. Clewlow said he believed the stones to be 500 to 1,000 years old "on the basis of style."

"What style?" asked Frost in a telephone interview with UPI. "Only a limited amount of style is required to bore a rough hole in a rock so it can hold a rope. Clewlow's statement about what many archaeologists believe is a gross distortion of current opinion in the ranks of what always has been a cautious profession."

"Presumably people already in California shaped these stones and drilled holes in them. The large number of objects — between 30 and 30 have been located off Palos

Verdes — and their wide distribution over more than an acre of ocean bottom would seem to rule out any pattern left by a shipwreck.

"Instead, the impression is left of an area where boats frequently anchored and occasionally lost their anchors — in short, a favored fishing area."

To find out who manned these boats, historians and scientists need look "no further in the past than the last century," according to Frost. The stream of Chinese workers who came to California for employment in mines and later on the railroads in the mid-1800s were mostly from the Pearl River delta and had experience in fishing, an industry ignored by Californians of the day.

"These Chinese built junks and sampans out of redwood logs and turned to fishing north and south along the coast from San Francisco," Frost said. "It is hard to resist the working hypothesis that the Palos Verdes stones represent evidence of California fishermen who made frequent visits to a reef rich in marine life. There is no other human agency in the history of the California coast that had both the need for implements made of local stone and the means to get them where they are found today."

A Chinese marine historian has confirmed that the stone anchors are of a type used in China for thousands of years and anthropologist Eve Armentout Ma of the University of California, Davis, researched the development of California's fishing industry by the Chinese and interviewed a number of elderly persons who remember the use of stone anchors even in the early decades of this century, according to Frost.

"If the Chinese anchor mystery is to be solved, it will be by the rigor of scientific method rather than the distraction of fabulous speculation," Frost said. "I've also received reports that more stones have been found a little south of San Francisco, off Monterey and near the channel islands off Santa Barbara."

In addition to the anchors, other stone artifacts have been located by divers and University of California students in the Palos Verdes waters. Frost believes these may have been net anchors or stones used to manipulate nets and permanent mooring stones. He said the actual purpose of many of the stones is the biggest mystery remaining to be solved.

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